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Channeled East-West labour migration in the frame of bilateral agreements

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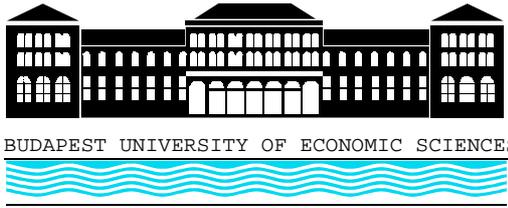
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Channelled East-West labour migration in the frame of bilateral agreements

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Channeled East-West labour migration in the frame of bilateral agreements

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**CHANNELED EAST-WEST LABOUR MIGRATION
IN THE FRAME OF BILATERAL AGREEMENTS**

by
ÁGNES HÁRS

Abstract

There are various projections concerning the emigration pressure from the accessing countries into the member states of the European Union. The arguments are based mostly on economic considerations supposing that sufficient difference between the economic strength (GDP, wages etc.) of the possible sending and receiving countries would induce considerable migration. Others argue that lessons on previous enlargement experiences of the EU can be of much relevance: the new candidate countries emigration patterns are expected to be similar – or just different – than the previous ones have been. There is not much empirical evidence on East-West labour migration. Mobility under bilateral agreements is a special frame to stimulate the desired labour migration that has gained special importance in the enlargement process of the European Union. The paper is based on empirical research of bilateral labour programmes between Hungary and the countries of the European Union. The present work has been a first attempt to set up and use empirical data to analyse Hungarian labour emigration. We confronted some theoretical considerations concerning bilateral programmes that should influence labour migration into the desired way to the receiving countries with the Hungarian experience of labour migration under the bilateral programmes. We found that programmes were effective to channel labour migration in the desired way. The structure of the labour migration under these programmes coincides, however, the general migration tendencies. Unregulated migration would, presumably, not give a considerable different character to Hungarian labour emigration.

HÁRS ÁGNES

ÁLLAMKÖZI SZERZŐDÉSEK KERETEI KÖZÉ
SZORÍTOTT MIGRÁCIÓ

Összefoglaló

A csatlakozásra váró országokból az EU-ba irányuló migráció alakulásáról számos projekció forog közkézen. A becslések mögött leggyakrabban olyan közgazdasági megfontolások húzódnak meg, melyek feltételezik hogy a kibocsátó és a fogadó országok közötti elegendően nagy (GDP-ben, bérekben, stb. mért) gazdasági különbség számottevő migrácót indít el és tart fenn. Mások a várható migráció nagyságát survey-vizsgálatok alapján a potenciális migrációra vonatkozó elképzelések kérdőíves kikérdezésének módszerével írják le. Kevés empirikus vizsgálat készült azonban a tényleges kelet-nyugati munkaerő-vándorlásról.

Az államközi szerződés keretei között végbemenő migráció a „kívánatos” munkaerő áramlását ösztönzi a befogadó országokba, amit az EU bővítésének folyamatában kitüntetett érdeklődés fogad. A tanulmány az ilyen típusú szerződések keretében Magyarországról az EU-ba (és kis számban Svájcba) irányuló munkaerő-vándorlás empirikus kutatásának eredményeit összegzi. Ehhez első alkalommal készült a munkaerő-vándorlást vizsgálni képes adatbázis, s ennek alapján lehetővé vált a tényleges vándorlás részletes leírása. A bilaterális programokkal szembeni elméleti elvárásokat a magyar tapasztalatokkal összevetve azt láthattuk, hogy a programok nagyrészt valóban a fogadó országok által determinált "kívánatos" irányba terelték a folyamatokat. A szerződések keretei közé szorított munkaerő-vándorlás szerkezete nem tér el azonban nagyon a Magyarországról feltételezhető teljes migrációétól, jellege várhatóan nem változik nagyon akkor sem, hogyha a szabályok terelőkorlátozó hatása megszűnik.

There are various projections concerning the emigration pressure from the accessing countries into the member states of the European Union. The arguments are based mostly on economic considerations supposing that sufficient difference between the economic strength (GDP, wages etc.) of the possible sending and receiving countries would induce considerable migration. Others argue that lessons on previous enlargement experiences of the EU can be of much relevance: the new candidate countries emigration patterns are expected to be similar – or just different – than the previous ones have been.

The emigration cannot be extrapolated easily, however, due to various uncertainties. The economic circumstances and surroundings are hard to extrapolate; the opinion-pool based empirical evidences of migration potential extrapolate the people's expectations of today, among these unforeseeable circumstances. Beyond that, recent migration tendencies came about under conditions of strongly controlled borders. The free movement of labour, however, as one of the basic principles of the European Union supposes unified Europe without controlled borders between the member countries. Consequently, one could hardly forecast how East-West migration of today would develop on terms of missing border control. Based upon these uncertainties of forecasting migration actually anything can be supposed

As a rather political consequence, certain member states of the European Union announced that they were not prepared to accept the free movement of labour from Central and Eastern Europe as it might distort their labour markets and give rise to social tension. The free movement of labour will be postponed for an additional period of some years; possible labour migration will be controlled by individual states through national quotas and bilateral programmes. Accordingly, upon accession Hungary may expect to be subjected to a restriction, however, member states may, in line with their national legislation, relax their procedures or even offer total freedom of employment to nationals of the new entrants. Some member states (with small labour emigration experience from Hungary) will apply liberalised regime; some of them combined with safeguard measure to the Hungarian workers. As to other member states, Hungary entered into bilateral negotiations with them in the second half of 2001 with a view to ensure liberal or increased access to their labour markets after the accession. (Nagy 2002)

There is not much empirical evidence on East-West labour migration. Migration under bilateral agreements is a special frame to stimulate the desired labour migration. The paper is based on the experiences of bilateral

labour programmes between Hungary and the countries of the European Union, which are of increasing importance in the accession process. The hardly known labour migration under these programmes will be discussed in depths and some lessons on the range of effects of these way of channelling and controlling labour migration will be given. The paper will be organised as follows: first an overview will be given on the purpose and background of the bilateral agreements between the member states of the European Union and the non-member countries and that between Hungary and some European countries. Then the foreign labour demand limited by various restrictions according to the agreements will be discussed. The next part gives a statistical analysis of socio-demographic, skill and labour market characteristics of the participants involved in various programmes that are followed by the discussion of recruitment into the programmes by geographic regions. Then the puzzling question of people's selection for a given programme will be raised. Wage gain, as the main motivation of migration will be discussed separately. Finally, a peculiar issue, the previous work experiences of the programme participants abroad will be investigated. The paper concludes with some questions and lessons on labour migration of the next future.

ON BILATERAL AGREEMENTS

Purpose and background

East-to-West migration became a major issue following the political and economic changes of the late 1980s and early 1990s in countries of Central and Eastern Europe. After the first signs of considerable emigration from the previously communist region, countries of Western Europe soon enacted restrictive regulations. The arguments were mostly connected with the increasing unemployment and the burden of migrants onto the welfare system of the welfare states. Policy implications of migration are mostly based on theoretical assumption of permanent migration driven by wage or GDP per person differences (Layard et al 1992, Walterkirchen–Dietz 1998, Bauer-Zimmermann 1999, Brücker-Franzmeyer 1997, Birner-Huber-Winkler 1998).

Whatever was the argument, one more, still uniform general assumption has always been hidden there: the long-term vs. permanent migration. Surprisingly enough, immigration policies in the countries of the European Union are based on theories that explain recent East-West migration mostly as traditional *long-term or permanent migration*, however the importance of new types of migration is well known and described in details.

Contrary to the previously mostly permanent migration East-West migration of the 1990s assumed a new feature: economic migrants and commuters move spontaneously to countries of the European Union *for limited periods* (Morokvasic-Rudolph, 1994; Jazwinska-Okolski, 1996; Wallace et al., 1996; Czakó-Sik, 1999; Iglicka, 1999).

Immigration regulations (entries, exits, supports etc.) differ, however, by categories of foreigners like *foreign labourers, refugees, asylum seekers or ethnic migrants*. Immigrant policies are mostly designed to differentiate among the various groups of foreigners. Some groups are encouraged to migrate while others face strong restrictions. Labour migration is partly encouraged partly limited, although regulations mostly correspond to the receiving countries' interest even if migrants would not accept them.

Channelled labour migration into Europe is not a new idea to solve temporarily the labour shortage of West-European countries. We should refer here to the immigration system of the fifties and sixties that was characterised by large-scale migration encouraged by bilateral labour agreements. This type of labour immigration rooted in guest-worker systems following the post-war economic boom and was limited in time, labour market access and labour market safety. This labour demand has been met by recruitment from several Mediterranean countries: at first in Italy, Spain, Portugal, and Greece, later in Morocco, Algeria, Tunisia, Turkey, and former Yugoslavia (Castles-Miller 1993, Münz 1995). The most important guest-worker programme took place in West-Germany (named as 'Gastarbeiter' programme according to its German origin) that was initiated during the economic boom of the mid 50s and closed in fear of labour market crisis of the early 1970s. The attempts of Germany failed, however, to stop the recruitment of guest workers for, resulting in increasing migration of family members and the growing importance of contact networks in general. (Castles 1986, Boyd 1989). The history of controlled labour migration on bilateral basis from East to the West Europe goes back to the mid 1970s, to those years, when political initiatives had already been taken with the purpose to secure an additional influx into Germany from the East. Bilateral treaties were signed by the German federal government with Central and Eastern European countries – as 'part of the new policy towards the East' (Rudolph 1994).

Controlled immigration has gained increasing preference recently. The institutional development of the European Union (the Schengen Agreement) supports similar *bilateral agreements* between countries of the European Union and those outside the Union. The purpose of the agreement is to bring about own guest-worker programmes by each member

country of the European Union. Bilateral agreements are believed to be the proper technique to channel labour migration.

The importance of the bilateral agreements has been stressed recently, although the aim of the agreements is contradictory. There are three different, often hidden, arguments behind controlling and channelling labour into the EU: (i) additional cheap labour for a limited period for unskilled seasonal work; (ii) additional and relatively cheap skilled labour for structural labour market imbalances; (iii) development of regional labour markets. Various opinions on the advantages of bilateral agreements argue for one or the other benefit of the bilateral agreements. Let's collect some arguments from various papers to illustrate it. The most common opinion argues for the demand for unavoidable cheap unskilled foreign seasonal work that is often illegal in Europe. A relevant paper argues that the importance of the bilateral programmes is channelling the *illegal labour migration into the desired legal way*: "To some extent, bilateral agreements have also had a positive effect in channelling irregular migration into legal seasonal work." (Garnier, 2001:148). Other arguments consider the skilled labour as cheap one according to a sincere opinion on the advantages using cheap labour by the countries of the European Union says: "... within a changing UK labour market, increasingly dominated by service industries, foreign workers provide an important means of flexibility. If they are relatively low paid, as CHEPS (i.e. Czech R. Hungary, Estonia, Poland, Slovenia) nationals may well be especially when they come in for training purposes, they are even more attractive. A more detailed analysis is needed of the use being made by UK companies of, and the salaries paid to, the citizens of the CEE area." (Salt-Hogarth, 1999: 64) Despite these contradictions the competent OECD migration report underlines the *regional importance of the bilateral agreements*: "...the East-West migration flows correspond now to a process of regional integration limited to border regions and regulated by bilateral agreements..." (OECD 2001: 64).

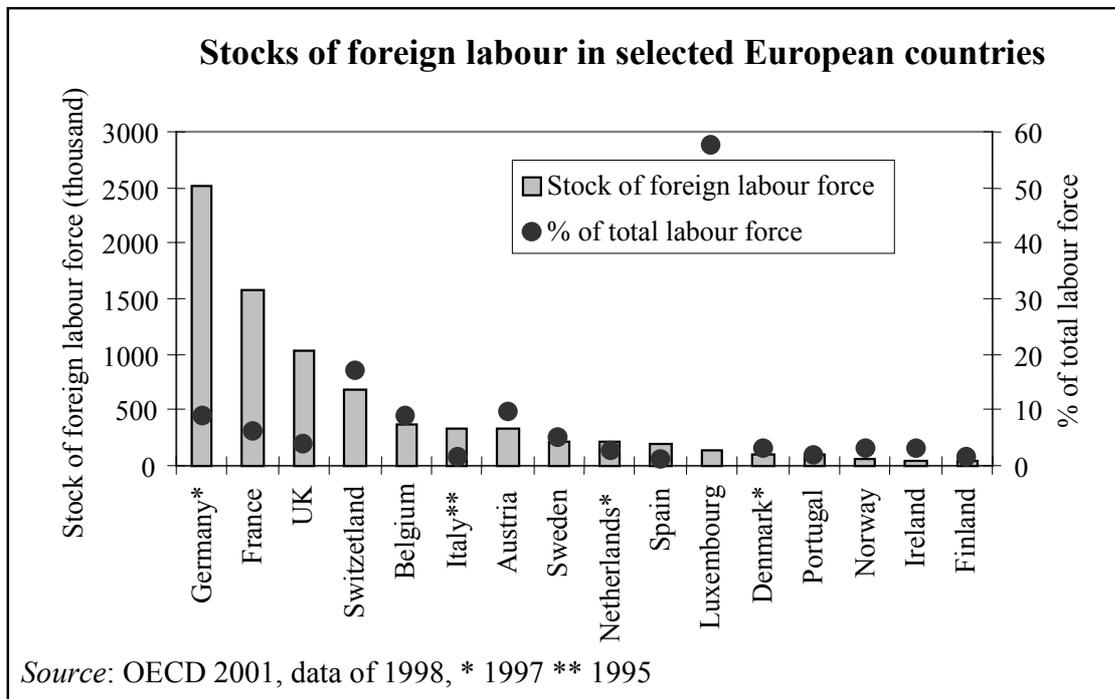
In an important sense, however, the temporary employment agreements are *not completely consistent* with the spirit of European Union's economic Cupertino. Borjas (1999) stresses the importance that "...temporary worker program, after all, gives the member country that chooses to import large number of temporary migrants from other countries a certain type of economic advantage in the market place. After all, the guarantees made by the social welfare system of the member states do not typically extend to the temporary immigrants, so that it is cheaper to use these migrants to produce some goods and services." Garnier (2001) raises an other important issue, namely the countries of Central and Eastern Europe need to consider whether their nationals' interest will be served by signing these agreements

which, in fact, exclude the participants from the European Union's general standard of treatment.

Bilateral Agreements between Hungary and the European Union

The European countries follow various migration policies, foreign labour is rather important in some countries while marginal in others. Without going into discussion of the migration policies of individual countries we illustrate in *chart 1* both the number and the share of foreign labour in various European countries. Some countries are big enough to influence the European migrant labour market by receiving relatively large number of migrants (Germany, France, UK) while others are small in number but follow a migration policy with high share of foreign labour (Luxembourg, Switzerland). Germany has the largest stock of foreign labour in Europe due to both the size of the country and also to the relatively high share of foreign labour. As a consequence, Germany has rather favoured position in the labour migration in Europe.

Chart 1

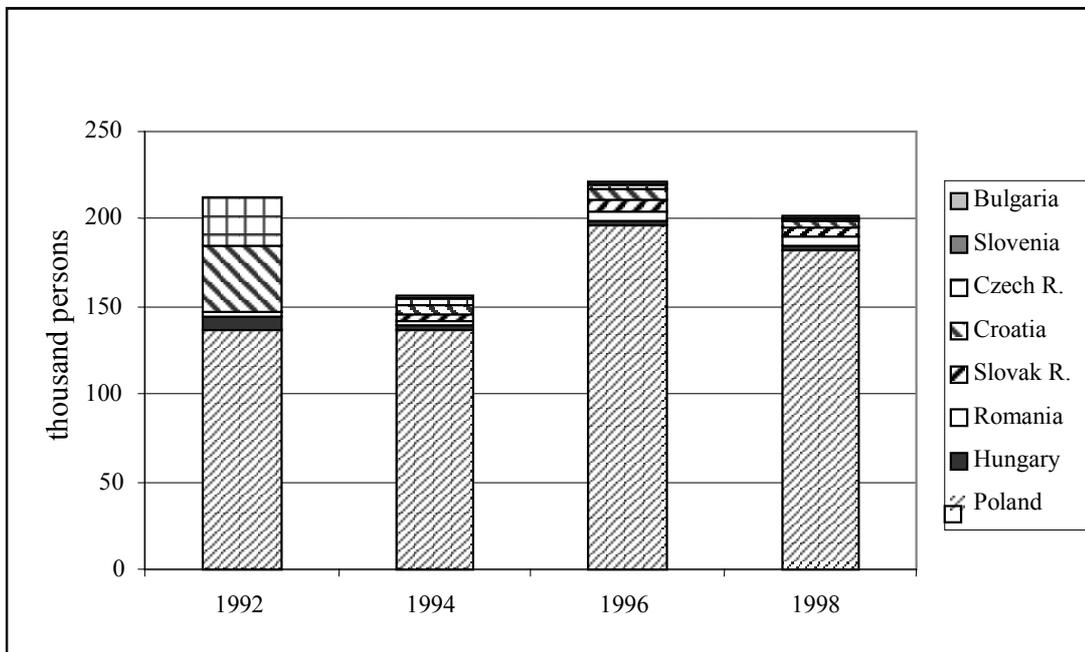


Confined to the issue of bilateral agreement based labour migration, Germany has been the main receiving country of the participants in the frame of bilateral agreements from Central and Eastern-European countries, while the main sending country has been Poland. Other actors (countries) are also interested in the schemes, in much smaller share, however.

Nearly 85 percent of the annually employed temporary migrants were seasonal worker, around 13 percent project tied worker, and the share of participants in other programmes was negligible in Germany, less than 5 percent all together.¹ *Chart 2* shows the number of seasonal workers in Germany under bilateral programmes by their home countries. That was the programme where the largest number of Hungarians was involved. The share of Hungarians among seasonal worker in Germany is rather marginal, although the share of seasonal workers, as will be shown later, is considerable among the total number of Hungarians working abroad in various programmes.

Chart 2

Seasonal workers employed in Germany by nationality, 1992-1998

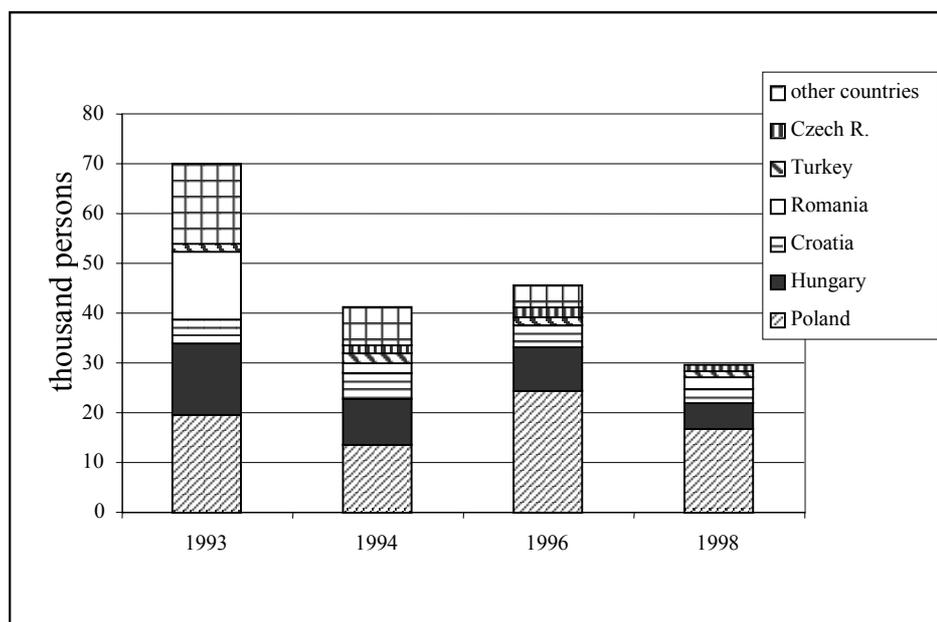


Source: OECD 2001, based on Bundesanstalt für Arbeit, Germany

The project-tied employment is the other programme, beyond seasonal work, where a considerable number of Hungarians are involved. Project-tied employees are mostly skilled manual workers who are engaged in the programme for a maximum of one and a half-year. While the total quota of the number of the project-tied employees decreased considerably during the 90s the share of Hungarians among all project-tied worker increased. Hungarian project-tied workers form the second largest group of foreigners employed in this scheme in Germany, although the Poles outnumber the Hungarians (cp. *chart 3*).

¹ Data refer to the year of 1998, based on Federal Employment Service data (cp. Boeri - Brücker 2000, *table 5.5*)

Project-tied workers employed in Germany by nationality, 1992–1998



Source: OECD 2001, based on German Ministry of Interior

As for Hungary, labour emigration under legal programmes is rather moderate and unchangeable. Beyond an unknown size of individual efforts to find legal employment abroad different schemes under bilateral agreements serve as a frame to get employed abroad. The majority of these programmes go back to the early 1990s when most of the agreements were signed. The provision covers (1) *trainee programmes*, (2) *seasonal worker programme*, (3) *cross-border ones* and (4) *project-tied “posted” workers programme*.

Most of the programmes, especially the guest-worker type trainee programmes, are reciprocal; citizens of both countries have the right to work in the corresponding country. In practice, however, the agreements work asymmetric and offer employment abroad for Central and Eastern European (Hungarian) citizens.² The *project-tied employment* is, by its principle, a service, where a foreign (German) employer enters into contract with a Hungarian subcontractor to carry out a temporary project with the subcontractor’s workers. From the point of view of migration the project-tied work is, however, a sort of guest-work (cp. Faist et al 1999, Hárs 1999). Some bilateral employment programmes are limited by *quotas*, and face to additional restrictions concerning conditions of the employment while others, in particularly the seasonal worker programmes, are not. *Table 1* gives

² Other agreements that were signed with the neighbouring countries and serve mostly for employment of Slovaks or Romanians in Hungary will not be discussed here.

an overview on various requirements a participant should meet when entering into the given programme.

Table 1

Employment programme requirements based on bilateral agreements

Type of program	Upper age limit (years)	Qualification required	Language knowledge required	Former employment in the destination country as exclusion from the program	Support in finding employment
Trainees					
in Switzerland	30	required	exam required	yes	no, except hotels and catering
in Austria	35	Required, but also previous experience is satisfactory	exam required	yes	no
in Germany	40	required, except hotels and catering, where previous experience is satisfactory	exam required	yes	yes
Seasonal workers					
in Germany	no	not required	knowledge is necessary but no exam	no	yes
in Austria	no	not required	?	no	no
Frontaliers					
in Austria	no	not required	?	no	no
Project-tied employment					
in Germany	no	required, special exam	not required	yes (max of 2 years)	Hungarian firm is the employer

Source: author's calculations based on Hungarian National Labour Market Centre information, on project-tied employment Hárs (1999)

Who are the people, who select themselves for the programmes? Regulations and external limits control the selection of these people. The applicants for various *trainee programmes* are limited by age (40 in Germany, 35 in Austria 30 in Switzerland); qualification and language knowledge is

required. Beyond that, former employment in the receiving country excludes the applicants from the next labour scheme in the given country. Most of the programmes are confined to some industries and professions while exclude others or the group of employment desired is specified. Quotas, age ceilings, skill requirements, etc. limit some programmes and the quotas cannot be filled up. Other programmes have no limit at all. *Seasonal work programme* is designed, by nature, for short-term unskilled additional labour. Seasonal work programme to Germany is restricted to agriculture, hotels and restaurant industry and some more specific unskilled activities. The scheme is unlimited, however, in number: there is no quota to maximise the number of participants, neither age nor skills limit would tighten the supply. The short-time employment of 3-6 month can be repeated in the following year. The *frontalier employment to Austria* is restricted to the borderline regions. The programme has been designed basically to agricultural work and that in the hotels and restaurant industry.

Table 2 gives estimation on the number of Hungarians working abroad in various programmes of legal bilateral agreements. Quota can be considered as demand for a type of foreign labour corresponding to the given programme. According to data it can be estimated that around 15 thousand persons are employed in various schemes in one year. Actual number of persons in programme can be considered, on the other hand, as labour supply for the programme in case the number of persons is less then the quota or there is no quota at all.

Table 2

Quotas and actual participants in bilateral programmes

Type of program	quota	duration	actual number of persons
Trainees			
In Switzerland	100	1-1.5 year	less than 100
In Austria	900	0.5-1.5 5year	900
In Germany	2000	1-1.5 5year	around 1000
Seasonal workers			
In Germany	no	3 month	about 4500
In Austria	no	6 month	(estimated 500)
Frontaliers			
Frontaliers in Austria	1200	6 month	around 1200
Project-tied employment			
In Germany	about 4-5000	maximum 1.5-2 years	around 7000
Together (estimated)			over 15000

Source: author's calculations based on Hungarian National Labour Market Centre information

Based on the migration literature we suppose that various programmes under bilateral agreements correspond to basic types of labour migrants. We would differentiate and compare three basic types of migrants. (i) The skilled manual workers: who are engaged in project-tied employment or trainee programme with the declared purpose of language and skill improvement of the participant, that is, in fact, qualified additional manual worker supply in the receiving countries. (ii) The seasonal labour: additional short-time unskilled foreign labour supply in the receiving country. (iii) Frontalier labour: an additional labour supply in the receiving country, employing the stronger relationships of the border region.

Labour scheme	Type of labour migrant
Seasonal workers	Poor-quality and unskilled traditional labour for a short period of time, as the traditional labour migrant of the '60s and '70s has been described in the literature. These migrants work on the segmented labour market in the receiving country as secondary worker with an instrumental relation to their migrant activity i.e. to earn as much money as possible during the shortest time possible in any activity without career expectations (Piore 1979).
Trainees and project-tied workers	Skilled manual labour migrants are, beyond relatively higher earnings, interested in the quality of labour. They are also driven by the ambition of becoming properly skilled, and acquire the culture of work during the period they work abroad (Fassmann-Hintermann 1997).
Frontalier workers	Since natural labour market overlaps the national borders, flourishing cross-border migration is considered as the 'natural' form of labour markets, supported, in fact, as the form of future migration.

What are the peculiarities of the programmes? Who are the participants, what makes them enter into one or other programme? Do participants of the programmes give a minority of all Hungarians working abroad? There are presumably farther effective sources to find legal employment and more attractive forms to be engaged in foreign employment. Besides the frame of the bilateral agreements jobs can be taken legally in the countries of the European Union by anyone who finds an opportunity, is willing to accept the labour market regulations in the receiving country

and gets the work permit. It is hard to believe, however, that finding a job would be very easy on legal conditions. Illegal employment with all its risks exists, however, as an alternative to the legal employment, while the expected benefit counterbalances the unavoidable costs and risks. Due to the mostly hidden nature of illegal foreign employment we will neglect here this extremely important issue. We'll be confined to draw some lessons from bilateral agreements on expected Hungarian legal labour emigration. Our questions to answer are 'from whom the possible labour supply consists?' and 'who would meet the possible foreign labour demand of the receiving countries?'

THE SAMPLE BASED ON BILATERAL AGREEMENT PROGRAMMES

Due to the nature of international labour migration empirical research is rather limited. Data on migration is partly unknown, because of its hidden nature, partly limited, since migrants are controlled by and data are collected in the receiving countries (mirror statistics). In the sending countries there are limited information and data on labour emigrant citizens, beyond that the share of unknown labour migrants leave all estimations rather uncertain. Experts in the field of economics of migration are the opinion that the very challenging topic of international migration has not attracted more experts because of the bad lack of data and information in this field (Bloom-Stark 1985).

Since data on East-to-West migration of the 1990s were insufficient research evidences were mostly illustrative and had the character of aggregate statistics, 'guesstimates' and stylised facts. Our research has been an attempt to set up a database in a sending country to analyse relevant groups of labour migrants in East-West migration. A new database has been set up for the purpose of the research based on data collected for the purpose of programme administration.³

The source of most of the data was the register of participants with the Hungarian National Labour Market Centre where permission for most of the foreign employment is given. As for frontier work programme, the administration takes places in the Local Labour Market Centre of West Hungary. There are individual data on socio-demographic character, previous work history, wages according to the contracts, etc. of the participants

³ Our thanks to the National Labour Office for supporting the research, particularly to Mr. Géza Kovács for backing up our work; to Ms Ildikó Papp, Ms Nóra Varga and Ms Andrea Baranyai who had the large part of the technical support to get the new data and to Ferenc Tancsics from the Labour Office of County Vas for making the frontiers data available for the research purpose.

based on a form that the applicants have to fill in when applying for a foreign employment programme. These forms were used as a questionnaire of a survey designed for researching labour migrants; data were manually re-coded to utilise all the information, even those that are not relevant in the administrative process. Only those persons were taken into consideration who successfully applied for a programme. Sample includes participants of (i) *trainee programmes* in Germany, Austria and Switzerland, (ii) *seasonal workers* in Germany and (iii) *frontaliers* to Austria. Individual data on the latter group comes from the Local Labour Market Centre of West-Hungary (Szombathely) where the administration of the frontier programme takes place. We could use the computerised data of the programme administration. Individual data of the programme participants were completed by local labour market data so that we added to each individual's datafile the labour market indicators (by settlements) from external regional database of the Institute of Economics of the Hungarian Academy of Sciences.

The sample is cross-sectional, refers to the year 2001 and includes all persons who were involved in any of the programmes in one year. While the seasonal work, for example, lasts for only 3 months or so, the trainee programmes last longer than a year, although limited in time (mostly 1.5 years). The frontier programme, on the other hand, is unlimited in time. All seasonal workers employed in one year are included, and trainees entering the programme in the given year. As for the frontaliers, the employment lasts unlimited so we included all persons who enter or stay in the programme in one year. The database includes altogether 7500 persons.

Due to its nature there are no individual data on the participants of project-tied employment since they are – at least by definition – employees of the Hungarian firm and administered with them. Consequently, we cannot include the project-tied work into the empirical analysis. The seasonal worker in Austria (around 500 persons) are also unknown in details since the employment is organised on the individual basis in Austria, consequently they are not registered and we must exclude them from the analysis. As a result, some important groups of Hungarians working abroad are missing from the data-basis and the participants in trainee, German seasonal worker and Austrian frontaliers programmes will be covered. Beyond that, individual data-files are not complete. Some indicators like sex, age, place of residence, employment abroad and the labour market indicators of the settlement are given for all individuals included in the sample, while others like education, qualification, previous work history, wage and working time abroad are given for participants of particular programmes only. Our attempt has been the first step; however, to set up a sample on

participants legally employed abroad, and to carry out an empirical research based upon the data.⁴

DEMAND FOR MIGRANT LABOUR UNDER BILATERAL AGREEMENTS

Destination countries of participants in bilateral programmes

The signed bilateral agreements offer employment mostly in Germany and Austria. More than 70 percent of those included in the sample work in Germany, the others in Austria and a marginal group in Switzerland.⁵ The foreign employment is strongly concentrated in German seasonal work programme (58 percent); others are evenly distributed in trainee and frontier programmes of Germany and Austria (12-16 percent).

There is a considerable difference according to gender: less than two third of men while over 85 percent of women were engaged in any sort of employment in Germany. Men are employed in all programmes offered, less than half of them in the seasonal work scheme, 35 percent of them trainees and the others frontiers. As for women, the picture is somewhat simple. Their foreign work possibility is more restricted to the seasonal work: three fourth of women are seasonal worker. A smaller share of woman works in Austria, mainly as frontier. (Cp. *table 3*.)⁶

⁴ More detailed description of the sample see in *Appendix 1*.

⁵ Data are corresponding with that of the migration potential research. According to the migration potential Germany is far the most important destination country for labour migration from Hungary, the second important country is Austria (Sik-Simonovits 2002).

⁶ The seasonal work lasts for a maximum of 3 month while the work in the frame of the other programmes last over a year. The breakdown of 'virtual programme participants', that is participation calculated so that foreign employment is minimum one year gives a rather different picture. To make this calculation the number of seasonal worker will be divided by four while the number of participants of the other programmes remain unchanged. *Table 3* would change in the following way.

The breakdown of 'virtual programme participants' by countries and programmes (percent)

	D	A	Ch.	All	D	A	Ch.	All	D	A	Ch.	All
	Total				Men				Women			
Trainees	25.1	20.6	1.2	46.9	26.3	26.2	1.1	53.6	22.5	7.2	1.6	31.3
Frontaliers		27.8		27.8	0.0	28.9	0.0	28.9	0.0	24.8	0.0	24.8
Seasonal work	25.3			25.3	17.5	0.0	0.0	17.5	43.9	0.0	0.0	43.9
Total	50.4	48.3	1.2	100.0	43.8	55.1	1.1	100.0	66.4	32.0	1.6	100.0

N total=4325, men = 3039, women = 1282

Table 3

**The breakdown of programme participants by countries
and programmes (percent)**

	D	A	Ch.	All	D	A	Ch.	All	D	A	Ch.	All
	Total				Men				Women			
Trainees	14.3	11.7	0.7	26.7	17.3	17.2	0.7	35.2	9.7	3.1	0.7	13.5
Frontal- aliers		15.8		15.8		19.0		19.0		10.7		10.7
Seasonal work	57.6			57.6	45.9			45.9	75.8			75.8
Total	71.9	27.5	0.7	100	63.1	36.2	0.7	100	85.5	13.9	0.7	100

N total=7601, men = 4628, women = 2972

D = Germany, A = Austria, Ch = Switzerland

The activity in the schemes

The programmes are partly confined to some branches partly to some employment. The overwhelming majority of people who are engaged in the schemes concentrate themselves in branches and employments that were preferred by the bilateral agreements.

Not very surprising that the participants of the programmes work mostly in peculiar branches while working abroad: they are involved in the *agriculture* and *hotels & restaurants*. Both branches, due to seasonal character, need additional foreign labour; the conditions of the programmes channel the labour into these branches. There are considerable differences between the programmes, however. Seasonal workers are largely involved in the agriculture and less so in the hotels and restaurant.⁷ The frontaliers in Austria show a similar breakdown (with considerable share of people whose branch of employment was unknown). Trainees are mostly involved in hotel and restaurant industry – half of all trainees are working there – beyond that manufacturing and construction is important and various other branches at a smaller rate. The construction is not very common among Hungarian guest worker, although that is usually attractive branch for foreign worker. The agreements mostly do not prefer this branch or even avoids people to take any job in construction (cp. *table 4*).

⁷ 90 percent of all seasonal workers in Germany are employed in agriculture, 4 percent in the hotels and restaurants sector. (*Source*: German Federal Employment Services, see Boeri-Brücker 2000 p 59.) As for Hungary the share of non-agricultural seasonal work in Germany is much higher.

Similar is the breakdown of the programme participants across branches by gender in case of the seasonal and frontaliere workers. There is a more obvious difference among the trainees by gender: while considerable share of women is employed in hotels and restaurants the men take various skilled jobs mostly in manufacturing or construction.

Table 4

Employment in various schemes by branches
(percent)

	Trainees			Frontaliers			Seasonal worker			All		
	Men	Wo- men	All	Men	Wo- men	All	Men	Wo- men	All	Men	Wo- men	All
Agriculture	1	1	1	35	34	35	60	69	65	35	56	43
Hotels & res- taurants	44	75	50	22	23	22	34	29	32	36	35	35
Manufacturing	24	2	20	4	5	4				9	1	6
Construction	17	0	14	3	4	3				7	1	4
Wholesale & retail	5	4	5	1	1	1	5	1	3	4	2	3
Other services	7	2	6	11	12	11				5	2	3
Health & so- cial work	2	16	5	0		0				1	2	1
Undefined				24	21	24				5	2	4
Total	100	100	100	100	100	100	100	100	100	100	100	100
N	1620	395	2016	878	316	1194	2108	2244	4353	4606	2955	7562

The small numbers in mining and education is not indicated

Employment in various schemes is strongly concentrated in some branches. Is there the same concentration to observe in peculiar groups of activities or employment? As it is shown by *table 5*, not very surprisingly, the employment in the seasonal worker scheme is concentrated in unskilled agricultural versus non-agricultural jobs. The other programmes are much more diverse, however, various groups of employment can be recognised, more so among men than among women. Since the participants in the seasonal work scheme outnumber the participants of all other programmes, the structure of employment of all persons included in the sample is dominated by the unskilled jobs (60 percent), an additional 20 percent has employment with hotels and restaurants. Still, employment of frontaliere and men-trainees show a more diverse picture. While unskilled agricultural jobs and employment in hotels and restaurants is part of the frontaliere employment, skilled industrial and construction work and skilled agricultural employment is also important, as well as working as drivers and plant and

machine operators. Trainee men are also involved in skilled industrial and construction work.

Table 5

Groups of employment by programmes (percent)

	Total			Trainee			Frontaliers			Seasonal		
	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
Non-manual labourers	2	1	3	6	3	20	2	2	2			
Shop & market sales workers					0	2		1	1			
Hotels & restaurants employment	17	19	12	50	44	73	20	20	21			
Other services				1	0	3	1	1	0			
Agricultural skilled jobs	1	1	1	1	1	1	5	5	4			
Industrial skilled jobs	10	15	3	27	33	2	20	19	24			
Skilled construction worker	5	7	1	12	14		10	10	8			
Plant & machine operators, drivers	4	5	2	4	5		18	18	19			
Unskilled non-agricultural jobs	21	19	24				3	3	3	35	40	31
Unskilled agricultural jobs	41	32	54				22	23	19	65	60	69
Total	100	100	100	100	100	100	100	100	100	100	100	100

WHO ARE THE MIGRANTS IN THE VARIOUS PROGRAMMES?

In the following section we try to give answer on the puzzle why do people choose one or other programme? Would this people decide to work abroad at any rate? We have seen that demand for labour working abroad under various programmes is limited. Who are the candidates who get involved in the foreign labour of this kind? Does it more or less correspond to the features of the 'general' expectations concerning labour migrants?

There are some widely accepted views on potential migrant labour that is strongly related to their individual socio-demographic, human capital characteristics. These characteristic features of migrants can be summarised by some stylised facts based on migration literature (Piore 1979, Massey et al 1993, Borjas 1999, Boeri-Brücker 2000) and on various survey type evidences of emigration potential (Fassmann-Hintermann 1997; Wallace 1998; Sik 1999).

1. *Men more likely migrate than women; the proportion of males in the migrant population is above that of the corresponding population in the home country.*
2. *Migrants are younger than the corresponding population in the home country.*
3. *Migrants' skill level is above the jobs they take in the target country*
4. *The occupational status of migrants is below that of the home status*
5. *Unemployed people or those in depressed regions with poor employment prospect select themselves for labour migration*

First we give a brief description on the character of the participants in various programmes, then we test if the stylised facts that usually thought to characterise migrants correspond to motivations of the channelled labour migration under the bilateral programmes. The three types of programmes with different features will be discussed separately so we can compare the features of individuals across programmes.

Socio-demographic character of labour migrants

The character of programme-participants is partly coinciding with that described as stylised facts. Firstly, most of the participants of the programmes are *men*, except those in the seasonal worker scheme. Overwhelming majority of trainees and also the majority of frontaliers are men while half of the seasonal workers are women. Comparing the share of men and women in various bilateral labour schemes to that of the employed Hungarian population the differences are obvious (cp. *table 6*)⁸. While 55 percent of the total Hungarian employed population is men, the corresponding rate for trainees is 80, for frontaliers 73 percent. More interestingly, however, in the case of the seasonal workers the share of men is even below that of the Hungarian employed population on average (48.5 vs. 55.2 percent).

According to the second stylised fact mentioned the migrants are mostly younger than the employed population at home. Comparing the participants of various programmes to the 15-59 years old Hungarian employed population evidence supports the expectations. Trainees fully correspond to this feature; they are very young, under 40, almost 80 percent under 30. That is not very surprising, however, since there is a strict age limit of the

⁸ For the purpose of a rough estimation we do not need to use the age/skill specific breakdown of Hungarian employees by gender, although that would be necessary for an in-depth analysis.

trainee programmes. The participants of other programmes without age limit are also considerably younger than the total employed population in Hungary. While about 70 percent of the participants of both seasonal and frontier programmes are below 40, the corresponding share of Hungarian employed population is just above 50 percent.

Table 6

Participants of different schemes by gender (percent)

	Trainees	Frontaliers	Seasonal worker	All	Employment in Hungary*
Men	80.2	73.4	48.5	61.0	55.2
Women	19.8	26.6	51.5	39.0	44.8
Total	100.0	100.0	100.0	100.0	100
N (persons)	2025	1199	4376	7500	3842000

*LFS, employment in 2001, age 15-64

Average age of the programme participants is shown in *table 7*. While those in the trainee programme are rather young, 26 years old, on average, seasonal and frontier workers are about the same age, 34-35 years old. Women in the programme are somewhat elder, than men (34 vs. 31 years). In the trainee programme the women were 2 years younger, in the seasonal scheme 3 years elder. The men and women participants of frontier programme are the same age, 35 on average.

Table 7

Average age of participants in various programmes (years)*

Programmes	Men	Women	Both sexes together
Trainees	27 (4.5)	25 (3.8)	26 (4.41)
Seasonal worker	32 (9.56)	35 (10.98)	34 (10.39)
Frontaliers	35 (9.01)	35 (8.9)	35 (8.98)
Total	31 (8.63)	34 (10.63)	32 (9.56)

*Std. deviation in brackets

Due to its young participants the trainee programme has a considerable different age structure compared to the total employment in Hungary while both the seasonal and the frontier workers are somewhat younger than

the total Hungarian employed population but the age structure is similar. That is shown in *table 8*.

Table 8

Participants of different schemes by age and gender (percent)

	<i>Total</i>				
	Trainees	Frontaliers	Seasonal worker	Together	Total in Hungary*
Under 25	39.1	11.3	21.7	24.7	12.1
25-29 years	38	23	23	27	14.9
30-39 years	22	34.2	25.9	26.2	25.7
40 and over	0.9	31.5	29.3	22.1	47.3
	100	100	100	100	100
N	2023	1199	4376	7598	3797600
	<i>Men</i>				
Under 25	36.3	22	11.4	25	12.8
25-29 years	37.8	26.4	24.3	30	16.4
30-39 years	25	28.9	33.4	28.4	26.5
40 and over	0.9	22.6	30.9	16.6	44.4
	100	100	100	100	100
N	1622	2123	880	4625	2091400
	<i>Women</i>				
Under 25	50.3	21.4	11	24.2	11.3
25-29 years	39	19.8	19.4	22.3	13.2
30-39 years	9.8	23.1	36.3	22.7	24.7
40 and over	1	35.7	33.2	30.8	50.8
	100	100	100	100	100
N	400	2253	319	2972	1706200

*Hungarian data: LFS, 2001, age 15-59

In addition, we know the *family status* of the participants of the *trainee programmes* in Germany and Austria. Mostly *single* people go for the trainee programmes, 3 out of four participants are single. As for women, the share of single women is even higher (around 90), mostly unmarried (or divorced) women apply for the trainee programme, and the share of married women is rather limited. As for men, very young single and not very young married men go for trainee programmes that rarely happen to women (cp. *table 9*).

Table 9

Family status of the people in the trainee programme (percent)

	Single	Married	Divorced	Together
	Total			
Under 25	39.9	1.5		41.5
25-29 years	28.0	8.4	0.5	36.9
30-39 years	7.1	12.3	1.2	20.6
Total	75.1	23.0	1.9	100.0
N	1131	346	28	1505
	Men			
Under 25	37.1	1.5		38.6
25-29 years	26.3	9.9	.3	36.5
30-39 years	7.5	19.0	1.3	24.8
Total	70.9	27.5	1.6	100.0
N	824	320	19	1163
	Women			
Under 25	49.6	1.5		51.0
25-29 years	33.7	3.2	1.2	38.1
30-39 years	6.5	2.9	1.5	10.9
Total	89.7	7.6	2.6	100.0
N	306	26	9	341

Skill level and occupational status

The next stylised facts presume that migrants' skill level is above the jobs they take in the target country and their occupational status is below that at home. There are no data about the qualification and skill level of those involved in seasonal work. *Table 10* shows the completed schools of the trainees and frontaliers by employment groups of the employment abroad. Most of the people involved in the trainee versus frontaliere programmes have more than the primary school graduations. Rather few highly qualified people took part in the bilateral programmes; they are mostly employed in jobs that require high qualifications. Most of the participants graduated from vocational school and take skilled manual jobs. Those with secondary school graduation less likely have industrial or construction jobs, while those who work in the field of other services, are more likely secondary school graduates. To sum up, data on trainees and frontaliere programme participants' employment abroad and their school level challenge the general assumption that migrant labour is mostly employed below their skill level/status at home and proves that most of the programme

participants are formally not overqualified while working in the programmes.⁹

Table 10

**Group of employment and school graduations
– trainees and frontaliers programme participants**

Group of employment	School graduations				Total	N
	Primary or less	Vocational	Secondary	More than secondary		
All qualified workers & clerks		13.8	52.9	33.3	100	138
Shop & market sales workers		55.0	45.0		100	20
Hotels & restaurants employment	0.4	53.3	44.1	2.1	100	1211
Other service employment	4.5	36.4	59.1		100	22
Agricultural skilled jobs	1.4	59.4	31.9	7.2	100	69
Industrial skilled jobs	0.5	80.2	18.2	1.0	100	779
Skilled construction worker	1.4	81.2	17.1	0.3	100	345
Plant & machine operators, drivers	1.0	69.2	29.2	0.7	100	295
Unskilled non-agricultural jobs		71.9	28.1		100	32
Unskilled agricultural jobs	2.2	73.0	24.7		100	267
Trainees & frontaliers total	0.8	64.6	31.9	2.8	100	3178
Trainee programmes	0.5	60.8	35.1	3.7	100	1979
Frontalier programmes	1.3	70.8	26.6	1.3	100	1199

The trainee programme has qualification requirements that seem to determine the participants' qualifications. The jobs taken abroad and the qualification of the participants seem to correspond. Somewhat unexpected, also the last jobs of the participants in Hungary correspond to both, their qualifications and the employment in the programme. Even if we might have supposed that some more qualified people would get involved into trainee programme, we must say looking the data of *table 11* that those persons who are involved in the trainee programme are not taking a job that is below their home status nor below their qualifications.

⁹ Our evidence corresponds with the recent evidences concerning skill level of migrants from Central and Eastern European countries to the European Union: skill-level of migrants from CEEU is similar or even higher than that of natives in the EU receiving countries (Boeri-Brücker 2000). Both evidences refer, however, to the *formal* skill level only.

**Qualification, last job in Hungary, job abroad
– trainee programme participants**

Group of employment	Employment abroad	Last employment in Hungary	Qualification
Qualified employment	5.8	7.2	8.8
Clerks	0.1	0.4	0.2
Shop & market sales workers	0.6	1.8	2.2
Hotels & restaurants employment	49.8	47.6	44.1
Other service employment	0.8	0.6	0.4
Agricultural skilled jobs	0.6	0.5	0.6
Industrial skilled jobs	26.8	27.1	31.2
Skilled construction worker	11.5	9.9	10.4
Plant & machine operators, drivers	3.9	4.9	0.2
Unskilled non-agricultural jobs		0.1	0.1
Unskilled agricultural jobs			
No qualification			2.1
Total	100	100	100
N	2026	1916	1939

Labour market position of the participants of the programmes

The last stylised fact concerns the unemployment or undesirable labour market prospect of the labour migrants at home; that is, unemployed people or those in depressed regions with poor employment prospect more likely select themselves for labour migration. We do not have reliable data on unemployment and labour market prospect of each migrant. There are data only on recent work experience of the participants of the trainee programme in Hungary. According to these data trainees were only in very few cases unemployed before applying into the programme. Participants of the seasonal or frontier work programmes, on the other hand, could have been more likely unemployed before working abroad, although their work experience is unknown. We can replace unemployment of the individuals with the labour market position of the settlements where the migrants live. We suppose that a would-be-migrant with the same skills would be more likely unemployed on a locale labour market where the unemployment is higher. The size of the settlement, on the other hand, could be an additional

indicator of labour market prospects: the smaller the settlement is, the less the labour market prospect is. Based on this assumptions we may estimate the labour market position of the programme participants by differences in local labour market position.

Table 12

Settlements with and without programme participants

		There are programme participants	There are no programme participants	Total
The settlement is a village	%	0.88	0.99	0.92
Resident population (persons, in 2000)	Mean	7188	1028	3248
U rate (% Dec 2001)*	Mean	6.54	10.62	9.15

Std. deviation of mean in brackets

*U rate means registered unemployed per 100 residents of employment age

Local labour market situation can stimulate or keep from migration in various ways. The size of the settlement, the local unemployment rate, the type of the settlement where someone lives influences the individuals' migration decision. *Table 12* gives some indicators for both, settlements, from where nobody has entered into any foreign employment programme and those ones where there is/are participant(s) in the programmes. Some, rather considerable, difference seems to be obvious at first glance. Less likely decide to take a job abroad the residents of small settlements with an average resident population of around 1000 persons, who live in a village with high unemployment. It is not very surprising that the overwhelming majority of the bigger settlements take place in labour migration, while among the citizens of small settlements fewer people may happen to be among the migrants; only 14 percent of small settlements are involved. In case a smaller settlement is part of the labour migration, however, the share of programme participants to the local population of employment age is higher than in bigger settlements. In the very small villages the share of programme participants is 1.4 percent of the employment age population, in the somewhat bigger settlements of 500-2000 residents the share is over 0.5 percent, while in the bigger cities the same share is only below 0.2 percent, on average. The pattern is about the same in case of each programme. (Cp. *table 13*.)

Table 13

Share of programme participants in % of settlement's population of employment age (average)

	Seasonal workers	Trainees	Frontaliers	All
Settlements with				
less than 500 residents	1.63	1.27	1.38	1.39
501-2000 residents	0.66	0.44	0.60	0.54
2001 - 5000 residents	0.32	0.26	0.56	0.26
5001 - 50000 residents	0.17	0.17	0.52	0.15
more than 50000 residents	0.14	0.14	0.31	0.14
Total	0.53	0.37	0.73	0.49
Number of settlements involved	717	639	165	1107

Better labour market perspectives can support migration, as we see at first glance, while less advantageous labour market situation keeps from it. Somewhat more than 2 percent of the Hungarian population of employment age lives in very small settlements with less than 500 residents; the same share is much higher, however, among programme participants. The share of programme participants is higher in smaller settlements, in general, than that of the total population. Trainees come from bigger cities, than other programme participants do. Unemployment is, however, a better indicator of labour market expectations of the settlements' residents than the population of residents or that of employment age itself. As for local unemployment, the evidence is somewhat different. The programme participants come mostly from settlements with medium level unemployment. Frontaliers are more from low unemployment settlements, although in the West-Hungarian region there is a moderate level of unemployment on average. Somewhat surprising, people do not enter into seasonal work programme from high-level unemployment settlements, while trainees come from settlements with rather different unemployment level (cp. *table 14*). That evidence supports on the one hand the fact that seasonal workers do not select themselves for seasonal work programme as an alternative to the hopeless local employment prospects, more likely they decide so to get an additional source of income. Trainee programme participants, on the other hand, are not recruited from youngsters of advantageous position settlements in better off regions.

Table 14

**Share of programme participants and population by the number of
employment age population and unemployment rate**

Settlements with	Trainees	Seasonal worker	Frontaliers	Total	Total popula- tion*
Number of residents (persons)					
Less than 500	3.1	4.3	4.6	4.0	2.4
501-2000	13.2	21.7	23.4	19.7	13.5
2001 – 5000	15.3	19.3	17.5	17.9	14.6
5001 – 50000	37.0	37.2	25.2	35.3	32.5
More than 50000	24.8	13.5	29.4	19.0	20.0
Budapest	7.9	4.5	-	4.7	17.0
Total	100	100	100	100	100
Unemployment rate** (%)					
Less than 2.5	7.3	15.6	47.3	15.9	25.4
2.5-5	33.0	47.3	49.4	39.4	34.4
5-7.5	38.7	23.9	2.9	29.1	20.1
7.5-10	11.0	5.8	0.3	7.9	7.8
Over 10	9.9	7.4	0.2	7.7	12.2
Total	100	100	100	100	100

*Source: regional database of the Institute of Economics of the Hungarian Academy of Sciences.

**U rate means registered unemployed per 100 residents of employment age

Migrants of various programmes – a brief summarising

Evidences of the statistical analysis of the programme participants of the three different schemes are summarised in *table 15*. The migrant of those programmes that requires rather skilled labour corresponds to the general expectations concerning migrant: they are young and often single men. The status of these people while migrating is not below that at home, however, and they do not come from very depressive labour markets of the home country. The more traditional seasonal migrant labourers, on the other hand, are not very young and they are as much men as they are also women, the share of women is even somewhat higher among them than that of men. We do not know, however, if seasonal worker are overqualified that may be the case, of course. As for labour market prospects on the local labour market the migrants do not come from very depressed settlements, although they do not come from very prosperous ones either.

Character of migrants under bilateral programmes

Stylised facts	Programmes			
	Trainees	Fron- taliers	Sea- sonal	Sample total
The proportion of males in the migrant population is above that of the corresponding population in the home country	Yes (very much)	Yes (much)	no	Yes (some- what)
Migrants are younger than the corresponding population in the home country	Yes (very much)	Yes (some- what)	Yes (some what)	Yes (some- what)
Family status	Single people	–	–	–
Migrants skill levels are above the jobs they take in the target country	no	no	–	–
The occupational status of migrants is below that of the home status	no	–	–	–
Unemployed people or those in depressed regions with poor employment prospect select themselves for labour migration	Some- what	No	Some- what	No

In the following part of the paper first the recruitment of labour migrants will be considered from various parts of the country. The influence of various factors will be discussed on the wages in foreign employment that are the basic motivation of working abroad (wages will be used according to the labour contracts of the individuals) than the motivations of migrants why they entered into one or an other programme.

RECRUITMENT INTO THE PROGRAMMES BY GEOGRAPHIC REGIONS

How do the migrants sort themselves from over the country? According to the migration literature the migration spreads with the continuous building of contact networks. Once this process begins, each migrant creates a new link in a chain of information and knowledge about opportunities (Boyd 1989). At first glance we would say that participants of the bilateral for-

eign labour programmes are recruited from all over the country. Every third settlement (35.6%) is involved in foreign employment programmes from various parts of the country, that is, at least one person has entered any programme. Most of the country seems to be 'covered' as it is illustrated in the map a) of chart 4. Looking the spread out of participants of each programme we get the same picture. Both the seasonal worker and the trainees were recruited from all over the country as one can see in map c) and d) of chart 4 while the frontaliers are, very understandably, from the Austrian border region, see map b) *chart 4*.

Every fifth settlement is involved in the trainee versus seasonal work programmes (20.4 vs. 22.9%). Measured the geographic concentration of the frontier workers comparing them to the three border counties involved; there are participants from every fourth settlement (25.5%); with considerable differences by counties (over half of the settlements in county Győr-Sopron are involved while only 6.6 percent in neighbouring county Zala). The programme participants are not very much concentrated in one or other settlement. Leaving the size off settlements out of consideration, every fifth programme participant comes from settlements where only very few (less than 5) people set off to work abroad while even less, only 17 percent of the programme participants live in settlements where many people (over 100) is working under bilateral programmes. Even if not more, that means that labour migration possibility is widely known by the people all over the country. As we can see in *table 16*, more participants of the trainee programmes come from settlements where only few people enter the bilateral programmes while frontaliers live in settlements where foreign labour is more frequent.

Table 16

Settlements involved in recruitment by number of participants

Number of participants in the settlement (persons)	Share of programme participants (percent)			
	Seasonal worker	Trainees	Frontaliers	All
1-4	17.5	31.3	14.8	20.6
5-9	13.7	9.1	6.8	11.3
10-19	16	13.3	12.7	14.7
20-49	22	16.8	24.4	21
50-99	18.3	16.6	3.1	15.3
More than 100	12.5	12.9	38.2	17.1
Together	100	100	100	100

Some noticeable difference can be seen between settlements from where people take part in one programme only and those from where people enter into more different programmes. *Chart 5* shows the spread out of settlements from where participants entered into various types of programmes, according to the peculiar combination of schemes. Looking at the map we can see concentrated groups of settlements where people are involved in more programmes and a sort of 'round area' where only one scheme attracts some (or several) persons.

Chart 4

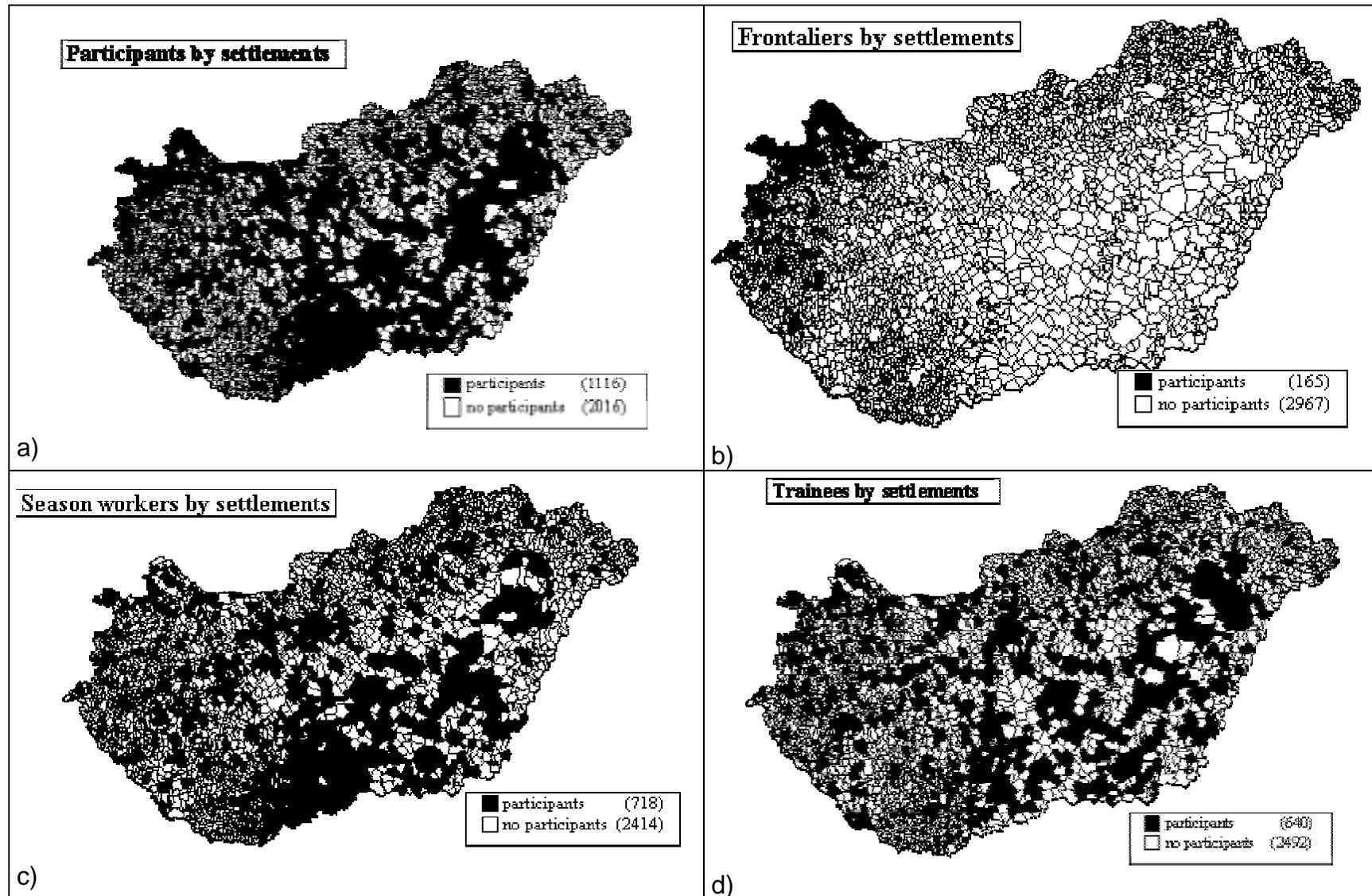
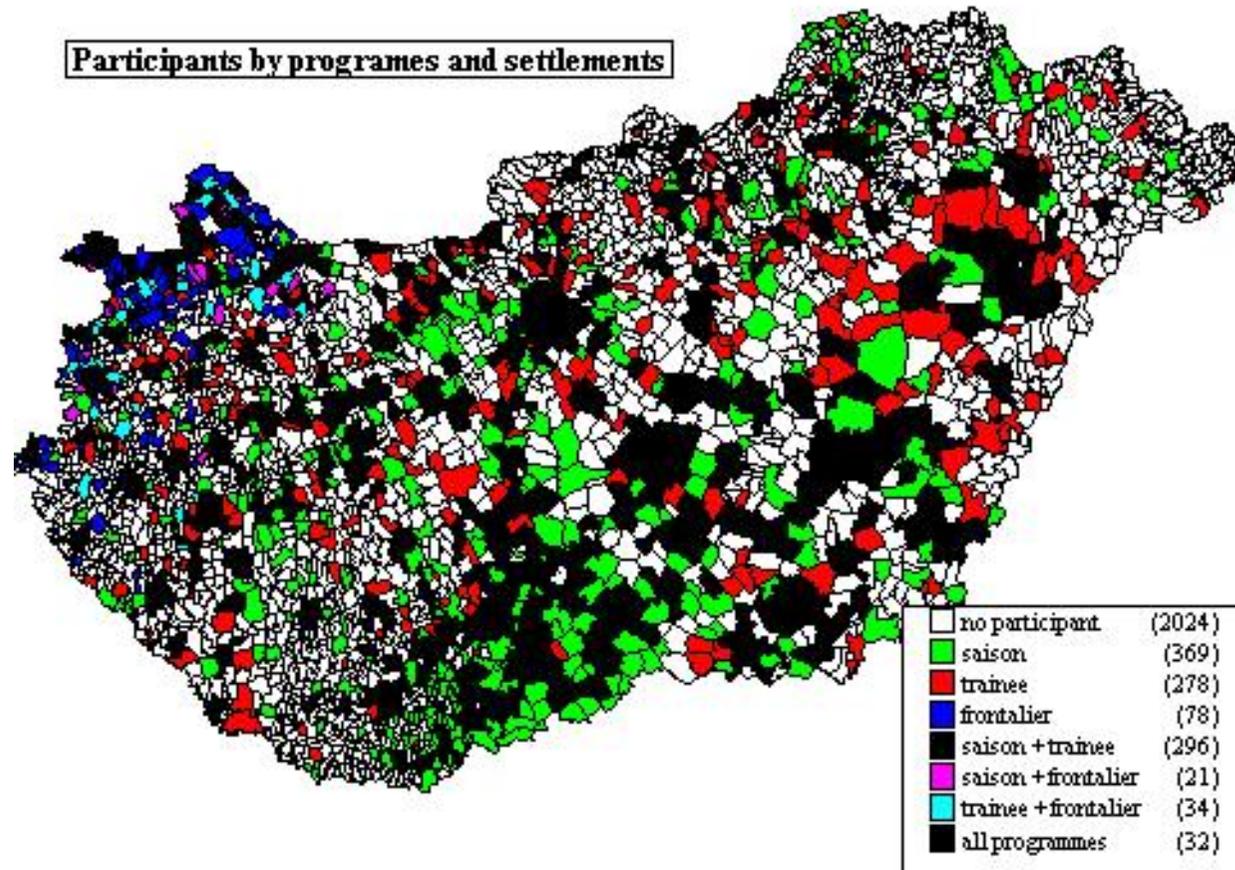
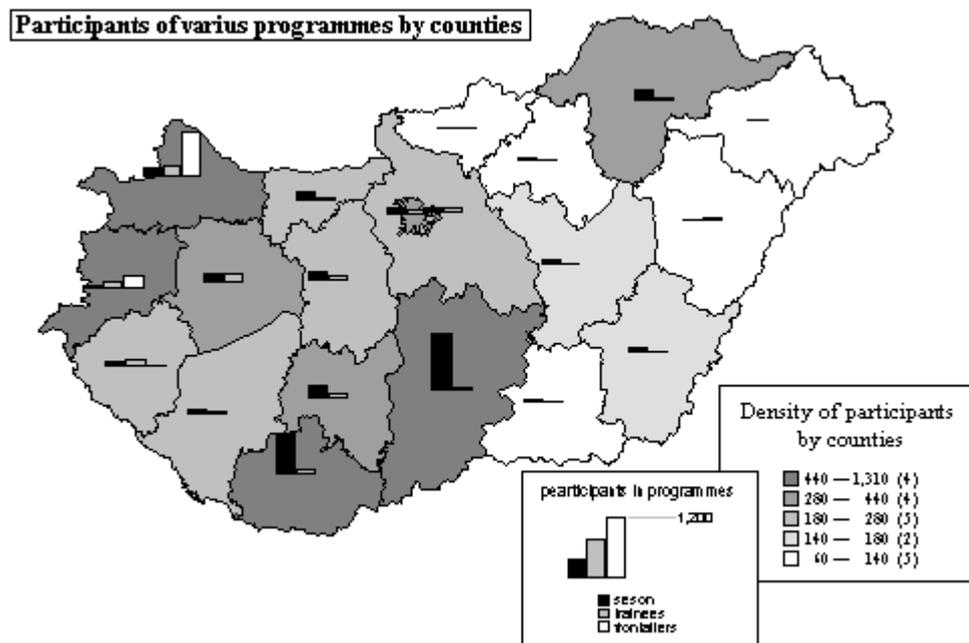


Chart 5



The programme participants have been recruited from all over the country. The density of participants of various programmes differs considerably, however. Western part of the country is much more involved in labour migration than the eastern regions. *Chart 6* shows the density of participants and also the participants of various programmes by counties. Extremely lot of participants came from Baranya and Bács-Kiskun into the seasonal labour programme and from Győr-Sopron into the frontier programme. Other counties send moderate or even very little number of people into foreign employment.

Chart 6



Looking at the map of *chart 6* we could see that employment abroad under various programmes is strongly concentrated in few counties. Although the sending regions into employment abroad are mostly in the western part of the country the geographic distance as motivation of foreign employment is not to prove. Frontier programme is, by definition, on the Austrian border.¹⁰ More participants of other schemes are, however, from southern or mid-Hungarian counties that are of longer distance to the destination countries than other, less important sending regions that are nearer to the destination countries. Other causes (economic, social, etc.)

¹⁰ The geographic (or travel time) distance between frontiers home settlement and destination will not discussed here although in case of frontier work that is very important question.

than geographic distance can be supposed to cause the difference across regions concerning the share of labour migration.¹¹

Does the geographic concentration of migrants also mean an even sharper concentration of participants in some settlement? Looking the share of participants to total population of each settlement these presumption would not be proved. If people were employed in the schemes that mostly amounted to less than 1 percent of the settlement's population of employment age, that was the case in 87.5 percent of all settlements. In an additional 10 percent of the settlements 1-3 percent of the population of employment age has been involved in the foreign employment and altogether in 24 settlements (around 2 percent) exceeds the share of participants of any scheme 3 percent of the employment age population (cp. *table 17*).¹²

Table 17

**Share of participants of various programmes
to local population of employment age**

Share of participants (%)	Number of settlements	Breakdown (%)
Less than 1	977	87.5
1-2	87	7.8
2-3	28	2.5
3-4	10	0.9
4-5	8	0.7
5-8	6	0.6
Total	1116	100.0

¹¹ Among costs of labour migration for a longer time the distance between sending and receiving regions is less important than e.g. cost of travelling. We do not now much about it, in some cases that is included in the work contract in other cases served by the employer.

¹² According to the Census data the settlements with very high share of migrant population (to Germany) coincide with those regions, settlements where the share ethnic German population is also very high. (*Source*: preliminary census data of 2001). In some of these settlements even traditional ethnic fairs or other events also develop the networks for the migrants.

WAGE GAIN AS THE MAIN MOTIVATION OF MIGRATION

The difference between the expected earnings in the receiving country and the real wages in the sending country is usually considered as the main economic incentive of migration (Ravenstein 1889, Harris-Toderó 1970, Massey et. al. 1993). Migration under bilateral programmes is a sort of migration where wages were settled in advance, cost of risk of finding a job was minimised.¹³

What is the individual wage gain that makes people migrate? Wages agreed upon in the contracts can be used to measure the income of labour migration. One has to be careful, however, when using data on wages since wages given are those according to the contracts that include various extras (accommodation, travel costs for one or several returns etc.). The wages that includes the various extras will be called 'total wages abroad'. Wages without the calculated extras will be referred to as 'de facto wages'. Wages are calculated into Euro, at the exchange rates. Mostly the wage data that has been given refer to 'total' wages abroad; in few cases, however, we know the 'de facto' wages. The difference allows us to give a rough estimate on the share of 'de facto' and 'total' wages for trainee programme participants. According to *table 18* we can give a guesstimate: 'de facto' wages earned abroad amounts to nearly 70 percent of the 'total', although cases of 'de facto' wages are rather limited.

Table 18

Estimations on difference between total and de facto wages per month abroad

	Mean of 'de facto' wages (Euro)	Mean of 'total' wages (Euro)	Share of de facto/total mean wages (%)	Cases of 'de facto' wages (N)
Men	1006	1449	69.4	48
Women	1000	1491	67.1	18
Total	1004	1457	68.9	66

¹³ Working abroad is rather unsafe and risky even under legal circumstances. Unknown culture, limited fluency in the receiving country's language, missing support and help of family, friends and authorities and loneliness are the substantial difficulties a labour migrant faces. Some risks in security of participants against the foreign employer still exist. In the destination country, there is no legal representation for the workers employed in the programmes of the bilateral agreement. Unlike the local country's workers' legal situation, theirs is not protected. (See Hárs 2002.)

We do not know the programme participants' previous wages at home, only the expected wages they will get while working in the programme. Although we do not have data on individuals' previous wages at home, a rough estimate on wage gain of foreign employment can be given. We know the amount of the 'total' wages the individuals earn abroad (calculated in Euro, at exchange rate), 'de facto' wage can be calculated as about 70 percent of the 'total' wage abroad. We also know the categories of employment of the individuals abroad (cp. *table 5*), consequently we know the mean of 'total' wages of labour migrants by groups of employment and 'de facto' wages calculated as 70 percent of the total by groups of employment. We know the same wage data for Hungary.¹⁴ Let's suppose that programme participants had the same employment before migrating than under the foreign employment programme.¹⁵ A maximum wage-gain will be estimated when we compare the difference of means of wages of the same (group of) employment in the sending and receiving country. Supposing an overqualified labour migrant would have a higher labour market position and correspondingly a higher wage at home, the calculated wage gain in his/her case would be less than the estimated. The share of the mean of estimated 'de facto' wages and corresponding home wages by groups of employment are given in *table 19*. Wage gain seems to be considerable in each case; the calculated 'de facto' wages abroad are 2.2-4.4 times higher than the corresponding Hungarian average wages.¹⁶ Difference in wages of highly qualified employment seems to be somewhat more moderate (although the cases included were not too many).

¹⁴ We used the wage survey data of 2001. To compare the employment categories of the wage survey and programme datafile the 4-digit employment categories (FEOR) have been used.

¹⁵ We have seen before that skill level and occupational status would not support the general expectation that programme participants were overqualified. Previous employment in Hungary coincided with the employment of the programme participants abroad. Differences across regions and types of settlements are not taken into consideration.

¹⁶ Our estimation can be reassured by the general estimation on Hungarian average that has been calculated around 30% of the EU average wages (in manufacturing industry, cp. OECD 1997). This evidence, on the other hand, supports us to use the somewhat contradictory data of contract wages since evidence seems to coincide with other ones.

Table 19

**Share of mean wages in receiving country
to the sending country by groups of employment***

Groups of employment	'de facto' wages			persons (N)		
	men	women	total	men	women	total
Highly qualified employment	1.7	1.2	1.6	12	4	16
Qualified employment	2.2	2.6	2.4	25	61	86
Clerks		(3.4)	(3.3)		2	2
Shop & market sales workers	(2.8)	(3.7)	(3.4)	2	9	11
Hotels & restaurants employment	4.2	4.2	4.2	442	183	625
Other service employment	(2.8)	(3.9)	(3.3)	2	10	12
Agricultural skilled jobs	(4.4)	(4.1)	(4.3)	8	1	9
Industrial skilled jobs	2.7	3.7	3.0	405	7	412
Skilled construction worker	3.2		3.2	163		163
Plant & machine operators, drivers	(3.0)		(3.2)	19		19
Unskilled non-agricultural jobs	3.7	4.0	3.8	834	694	1528
Unskilled agricultural jobs	2.7	3.0	2.7	1272	1548	2820

*Less than 20 cases are in brackets

Individual wage gain cannot be computed due to the missing home wage data of individuals. We could see however, that difference between the means of wages in the sending and receiving countries is considerable enough to encourage migration, so we must be confined to the question *what are the possible wages abroad depending on?*

We have data of seasonal and trainee programme participants 'total' monthly wages; frontaliers will be missed from the analysis. Differences of 'total' wages across gender and programmes are shown in *table 20*. Trainee programme, according to the difference in the qualifications of the jobs, offers considerably higher wages for trainees than the seasonal work programme for seasonal workers (1000 vs. 1500 Euro, on average). Wages of men in the seasonal work programme are somewhat higher than that of women, while in the case of the trainee programme the average wage of women is even higher than that of men. We may suppose that it can be explained by different structure of jobs by gender.

Table 20

Total wages per month abroad under the programmes

Programmes	Mean of total wages (Euro)			Number of programme participants (N)		
	Men	Women	Total	Men	Women	Total
Seasonal worker	1049	915	980	2120	2252	4372
Trainees	1449	1491	1457	1078	277	1355
Total	1184	978	1093	3198	2529	5727

We also supposed that place of residence influences the possible wages abroad, as this is shown in table 21. Each programme offers lower wages, on average, to those who leave in villages compared to non-village residents. That was the case for both men and women in the trainee programme as well as in the case of the seasonal workers.

Table 21

Total wages per month abroad by participants' place of residence

Place of residence	Mean of total wages (Euro)		
	Men	Women	Total
Seasonal worker			
Non-village residents	1097	959	1030
Village residents	986	870	922
Total	1049	915	980
Trainees			
Non-village residents	1458	1497	1467
Village residents	1428	1470	1434
Total	1448	1491	1457
Total			
Non-village residents	1230	1044	1154
Village residents	1113	904	1012
Total	1184	978	1093

The influence of various factors on the 'total' wage of seasonal and trainee labour migrants will be estimated by wage regression including those persons who were already engaged in any of the programmes. The model estimates the effects of socio-demographic (sex, age), labour market (unemployment rate) and geographic variables (region, type of settlement) on possible wages, type of the programme, and groups of employment of the individuals under the programme. That is shown in *table 22*.

Table 22

Wage regression of the total wages

Dependent Variable: 'total' wage of the programme participants

	B	Std. Error	Beta	t	Sig.
(Constant)	357689.678	4464.737		80.114	0.000
Women	-20596.979	1793.971	-0.109	-11.481	0.000
Age	-88.130	94.857	-0.009	-0.929	0.353
U rate*	-322.305	294.434	-0.012	-1.095	0.274
Seasonal scheme participant	-131862.773	3164.629	-0.596	-41.668	0.000
TYPE OF SETTLEMENT					
Agglomeration Budapest	1210.933	10695.105	0.002	0.113	0.910
Non-Budapest agglomeration	12413.618	3956.261	0.030	3.138	0.002
Getting agglomerated	11977.521	3607.169	0.035	3.320	0.001
Getting urbanised	5501.644	5251.586	0.010	1.048	0.295
Big cities	11527.623	2499.196	0.046	4.613	0.000
Budapest	17747.040	9893.462	0.043	1.794	0.073
REGION					
Central Hungarian region	17471.838	9472.378	0.052	1.845	0.065
Central Transdanubian region	21027.866	3088.192	0.079	6.809	0.000
West Transdanubian region	17012.285	3474.413	0.058	4.896	0.000
North Hungarian region	14758.862	3437.134	0.043	4.294	0.000
North Great Plain region	15486.600	4154.555	0.037	3.728	0.000
South Great Plain region	-5491.364	2416.555	-0.025	-2.272	0.023
PROGRAMME EMPLOYMENT TRAINEE					
Non-manual	80419.062	6371.907	0.121	12.621	0.000
Construction	115.273	5619.538	0.000	0.021	0.984
Industry	-9155.330	4069.636	-0.025	-2.250	0.025
Other skilled manual	18799.401	13851.305	0.012	1.357	0.175
SEASONAL					
Non-agricultural unskilled	87409.569	2308.717	0.413	37.861	0.000
R Square = 0.56					
N=5675					

*U rate means registered unemployed per 100 residents of employment age

Excluded variables: No agglomeration, South- Transdanubian region, hotels and restaurants employment, agricultural unskilled worker

Women have considerably lower possible wages abroad while age seems to be indifferent. To live in a settlement with higher local unemployment would somewhat decrease the possible wage. The most influential is, however, the programme itself, to be engaged in seasonal work con-

siderably decreases the wages. There are differences among regions influencing wages of participants. To enter a programme from West or Central Transdanubian regions or North Hungary offers foreign employment of higher wages. Other regions have moderate effect on wages relative to participant from South Transdanubian region. To come from better off region has an increasing effect on wages abroad (West and Central Transdanubia, the effect of Central Hungary is somewhat unsure, however). To live in big cities, non-Budapest agglomeration or settlements that are getting agglomerated promises higher wages. Less evident is the influence in case the migrant lives in Budapest or in Budapest agglomeration. We may suppose that those regions are over-represented in the programmes that promise higher wage abroad (where that is known that the wage is sufficiently high to enter a programme). Seasonal work participation strongly decreases the possible wages relative to trainees. As for trainees, not very surprisingly the non-manual employment considerably increases the possible wages. Wages are lower in the industrial skilled manual jobs than in the hotels and restaurant employment, somewhat higher in the skilled jobs. As for seasonal programme worker, non-agricultural unskilled jobs promise higher wages than unskilled agricultural employment.

As for migration, the working hour is a remarkable indicator to increase wages. The distribution of wages gives a rather different picture using wages per total working time or that of unit working time. Wages per unit working time show a rather strong concentration. While difference is rather moderate among wages per unit working time the difference for the total working time is more considerable. That is shown in *chart 7*.

Labour migrants are interested in maximising their income gain during the migration period. That is, the working day, working week can be even longer, since all the family tasks, home duties etc. are irrelevant while they stay away from their home. The reason the migrant stays abroad is to make as much money as possible during the shortest possible time (Piore 1979). The migrant wages should be considered as the total income during the month disregarded the working hours. Consequently, the differences in working hours (set in the work contract) can be considered as explaining variable of the total wage. According to *table 23* there is some difference in working hours of the programme participants, especially in the seasonal work scheme.

Distribution of wages

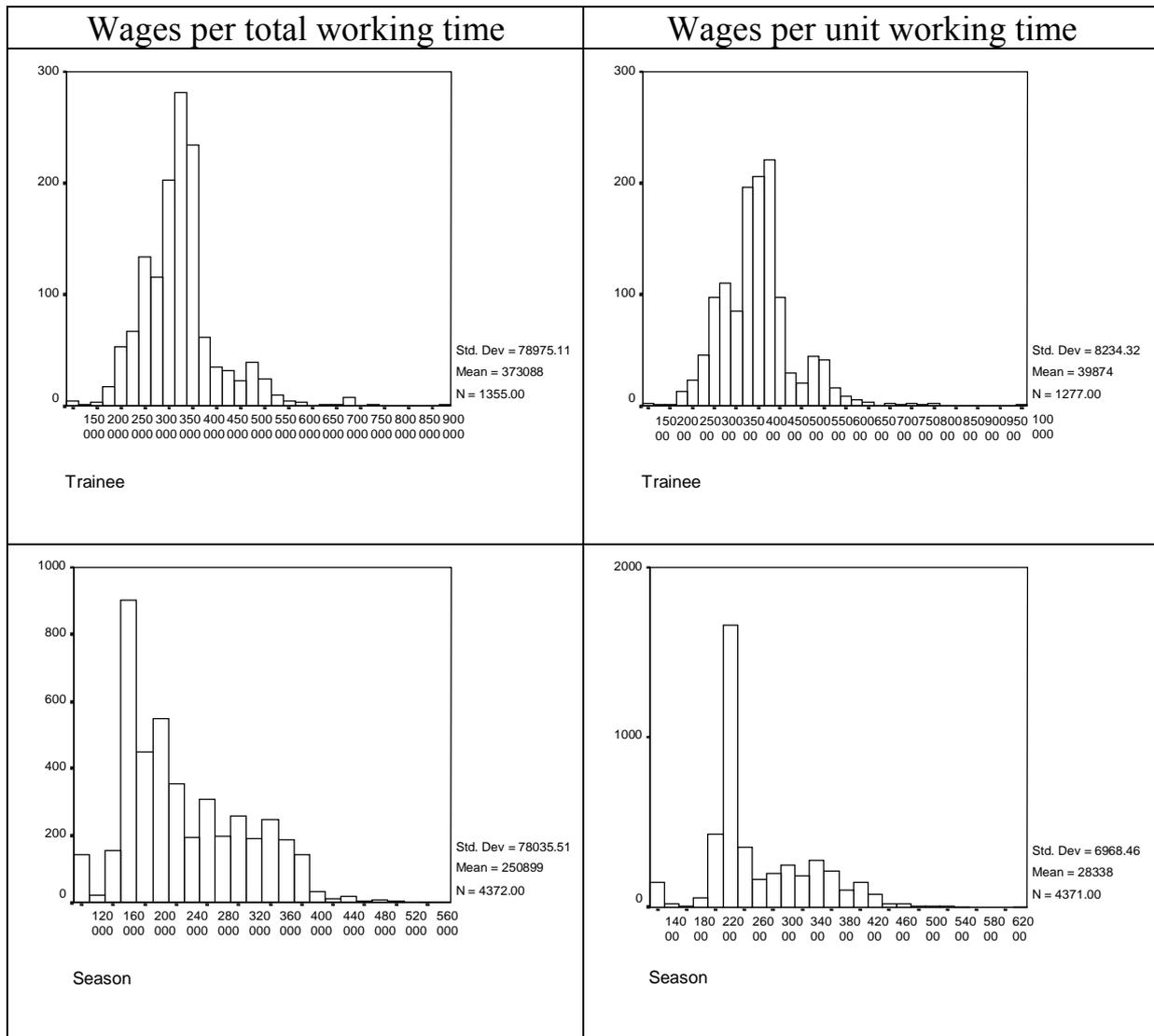


Table 23

Average weekly working hours of foreign employment

	Average working hours per week		
	men	women	total
Seasonal worker	38.9 (5.4)	36.6 (6.1)	37.7 (5.9)
Trainees	40.1 (2.3)	40.0 (2.5)	40.1 (2.4)
Total	39.4 (4.5)	37.0 (5.9)	38.4 (5.2)

Std. deviation in brackets

Using the working hours, as an additional explaining variable in our regression we found, that the programme itself and the working hours have the most explanatory power in the regression. Neither age, nor unemployment on the home labour market influences the expected wages. Non-agricultural seasonal work considerably increases the possible wages but the trainee employment is not very sensitive to wages. Non-manual jobs would increase wages while industrial jobs decrease them, compared to the hotels and restaurants jobs. (See *table 24*).

Table 24

Wage regression of the total wages

Dependent Variable: 'total' wage of the programme participants

	B	Std. Error	Beta	t	Sig.
(Constant)	125924.252	6937.728		18.151	0.000
Women	-12462.864	1589.199	-0.067	-7.842	0.000
Age	7.351	82.877	0.001	0.089	0.929
U rate*	-409.226	249.875	-0.016	-1.638	0.102
Weekly working hours	6166.597	152.245	0.356	40.504	0.000
Seasonal scheme participant	-123649.975	2806.016	-0.558	-44.066	0.000
PROGRAMME EMPLOYMENT TRAINEE					
Industry	-7958.798	3601.799	-0.022	-2.210	0.027
Construction	8006.696	5024.815	0.014	1.593	0.111
Machine operators and drivers	16439.208	12724.976	0.010	1.292	0.196
Non-manual	77466.273	5914.977	0.111	13.097	0.000
Other skilled manual	18997.011	12398.390	0.012	1.532	0.126
SEASONAL					
Non-agricultural unskilled	80689.336	1982.191	0.386	40.707	0.000
REGION					
Central Hungarian region	8539.511	3257.980	0.026	2.621	0.009
Central Transdanubian region	1825.362	2623.142	0.007	0.696	0.487
West Transdanubian region	-4011.445	2887.344	-0.014	-1.389	0.165
South-Transdanubian region	-13135.241	2104.766	-0.062	-6.241	0.000
North Hungarian region	-3741.893	3151.662	-0.011	-1.187	0.235
North Great Plain region	4690.145	3619.878	0.011	1.296	0.195
R square=0.657					
N=5617					

*U rate means registered unemployed per 100 residents of employment age

Excluded variables: No agglomeration, South Great Plain, hotels and restaurants employment, agricultural unskilled worker

Table 25 and 26 give separate regressions for the seasonal work and the trainee programme wages. Not very surprisingly, since seasonal worker outnumbered the trainees, the regression of the seasonal worker is very similar to that of the total shown in table 24. The regression of the trainees wages, on the other hand, has a rather weak explanatory power, using any variable. (The Appendix 2, table A 2 gives a list of simple bivariate correlation to illustrate it.)

Beyond all the weakness of the sample and the rather homogeneous group of people, there may be still other reasons why the trainees' wages cannot be explained by the listed variables. There should be any motivation of foreign employment of the trainees that is not the wage gain.

Table 25

Wage regression of the seasonal wages

Dependent Variable: 'total' seasonal wage of the programme participants

	B	Std. Error	Beta	t	Sig.
(Constant)	80006.158	6019.971		13.290	0.000
women	-12653.216	1472.363	-0.081	-8.594	0.000
age	-29.313	73.512	-0.004	-0.399	0.690
U rate*	-480.717	239.002	-0.022	-2.011	0.044
Weekly working hours	6269.769	136.357	0.471	45.981	0.000
PROGRAMME EMPLOYMENT					
Agricultural unskilled	-78902.031	1746.065	-0.482	-45.188	0.000
REGION					
Central Hungarian region	7934.620	3334.083	0.026	2.380	0.017
Central Transdanubian region	1976.694	2584.231	0.009	0.765	0.444
REGIONS					
West Transdanubian region	4239.840	2998.056	0.016	1.414	0.157
South-Transdanubian region	-15815.082	1947.992	-0.092	-8.119	0.000
North Hungarian region	-5524.735	3064.510	-0.019	-1.803	0.071
North Great Plain region	1892.791	3847.072	0.005	0.492	0.623
R square=0.639					
N=4342					

*U rate means registered unemployed per 100 residents of employment age

Excluded variables: South Great Plain, hotels and restaurants, non-agricultural unskilled worker

Table 26

Wage regression of the trainee wages

Dependent Variable: 'total' trainee wage of the programme participants

	B	Std. Error	Beta	t	Sig.
(Constant)	207428.834	40064.759		5.177	0.000
Women	-8912.008	6007.467	-0.046	-1.483	0.138
Age	969.025	503.290	0.056	1.925	0.054
U rate*	-143.230	793.654	-0.006	-0.180	0.857
Weekly working hours	3118.183	920.944	0.094	3.386	0.001
PROGRAMME EMPLOYMENT					
Industry	-12583.138	5336.268	-0.076	-2.358	0.019
Construction	-2221.839	7425.010	-0.009	-0.299	0.765
Machine operators and drivers	15087.235	17604.625	0.024	0.857	0.392
Non-manual	72491.759	8466.073	0.255	8.563	0.000
Other skilled manual	9984.558	17001.406	0.016	0.587	0.557
REGION					
Central Hungarian region	26076.415	7323.010	0.115	3.561	0.000
Central Transdanubian region	17935.848	6698.152	0.092	2.678	0.008
South-Transdanubian region	14431.035	7151.367	0.071	2.018	0.044
North Hungarian region	17625.391	9326.711	0.065	1.890	0.059
North Great Plain region	24074.473	9036.123	0.092	2.664	0.008
South Great Plain region	14055.640	7992.414	0.057	1.759	0.079
R square	0.09				
N	1274				

*U rate means registered unemployed per 100 residents of employment age

Excluded variables: no agglomeration, South West Transdanubian region, hotels and restaurants employment

A CRUCIAL ISSUE: PREVIOUS WORK EXPERIENCES ABROAD

We supposed that previous work experience abroad would help the migrant to have a better position in the foreign labour market that would increase the wages of the next employment abroad. Surprisingly, however, previous employment did not seem to influence the wages at all. There are some other important effects to disclose. Supposing a considerable migration pressure from Hungary, where corresponding wages are considerably lower than that in the target country, one would suppose that continuously new inflow of labour is ready to work abroad. Looking at the previous work history of the participants we have somewhat surprising evidence.

We do not know the previous work history of the participants of seasonal labour programme so we must exclude them from the discussion. There are data, however, on previous foreign employment experiences of the participants of the trainee programmes. Frontalier work experience gives also important contributions concerning previous work experience abroad. The overview of the previous work experience of the participants of the two programmes has to be discussed separately.

Previous work experience of the trainees

The applicants for trainee programmes were asked about their previous work experience abroad and also about their language knowledge.¹⁷ One third of all trainees had previous foreign work experience, as we can see from *table 27*. The trainees in Germany have a rather poor work history abroad; most of them have never worked abroad or had just a rather short experience of less than half-year. Most of the trainee programme participants in Austria or Switzerland, on the contrary, had considerable experience of working abroad, most of them a long history of more than a year. In Austria about 50 percent of the participants had previously worked abroad while around 75 percent of the small sample of trainees in Switzerland had long previous foreign labour experience.

Table 27

Duration of previous work experience of the trainees

Previous work experience abroad	Trainees			
	Germany	Austria	Switzerland	Total
No experience	80.8	50.8	23.5	66.2
Less than 6 months	8.6	2.9	0.0	5.9
6-12 months	4.8	7.1	0.0	5.7
12-18 months	2.2	7.1	35.3	5.2
18-24 months	1.6	11.9	0.0	6.1
24 months or more	2.1	20.2	41.2	11.0
Total	100.0	100.0	100.0	100.0
N	1087	888	51	2026

¹⁷ Both answers can be considered reliable since sufficient language knowledge is a requirement for the programmes while previous work experience in Germany (as mentioned before) excludes the applicants to apply for trainee programmes.

As *table 28* shows, rarely had the trainee programme participants previously worked in more than one country. Most of them had previous work experience in one country, if in any.

Table 28

Previous work experience of the trainees by countries

Countries of previous work experience	Trainees			
	Germany	Austria	Switzerland	Total
No experience	76.4	50.2	23.5	63.6
Experience in 1 country	20.3	43.1	72.5	31.6
Experience in 2 countries	2.9	6.3	3.9	4.4
Experience in 3 countries	0.4	0.3	0.0	0.3
Total	100.0	100.0	100.0	100.0
N	1087	888	51	2026

Germany is the most important country for previous work experience of the trainees. *Table 29* shows the share of participants with previous work experience in Germany to those with experiences in other countries. Around 70 percent of those who work under the trainee programme in Germany and 85-90 percent of those who are engaged in trainee programme in Austria had previous work experience in Germany. As for the small number of those in the Swiss trainee programme, almost three-quarter of all participants had previously worked in Germany.¹⁸

Table 29

Previous work experience in Germany vs. in other countries

Previous work experience	Trainees			
	Germany	Austria	Switzerland	Total
Previous experience in 1 country				
Not Germany	29.9	14.4	27.0	20.4
Germany	70.1	85.6	73.0	79.6
Previous experience in 2 countries				
Not Germany	31.2	8.9		16.7
Germany	68.8	91.1	(100.0)	83.3

¹⁸ Other destination countries of previous work experiences are rather diverse and occasional. (The cases are indicated in brackets.) The most frequently mentioned cases were Italy (23), the Netherlands (10), Kazakhstan (8), UK and USA (5-5), employment on cruiser (4) and 15 more countries (1-3).

Comparing the foreign work history of the participants of various trainee programmes we see considerable differences. As we have seen before, trainees in Germany had considerable less work experience abroad than participants in other countries (cp. *table 28*). Altogether 17 percent of all trainees in Germany had already previously worked in Germany, about 6 percent in Austria and less than 3 percent in any other country. As for Austria and Switzerland, the trainees previous German work experience is rather characteristic (43 vs. 57 percent had worked in Germany before). Previous Austrian work experience is considerable among those in Swiss scheme (17.6 percent) while moderate among trainees in Austria or Germany (around 6 percent). That is shown in *table 30*.

Table 30

Share of previous work experience by countries*

Previous work experience	Trainees			
	Germany	Austria	Switzerland	Total
Germany	16.7	43.0	56.9	29.2
Austria	6.3	6.3	17.6	6.6
Switzerland	1.8	2.3	0.0	2.0
Others	2.6	5.2	5.9	3.8
No experience	76.4	50.2	23.5	63.6

* Multiply answers possible

As for the language knowledge, the bilateral agreements support programmes with German language countries. Consequently the participants of the trainee schemes do speak German, somewhat more than half of them at medium or high level. Beyond that a limited share of participants also speak (some or good) English. (Cp. *table 31*.)

Table 31

Share of language knowledge of the trainees*

Language	Trainees			
	Germany	Austria	Switzerland	Total
German	95.3	95.2	98.0	95.3
English	20.4	3.3	33.3	13.2
Other	6.2	0.8	25.5	4.6

* Multiply answers possible

We may conclude that trainees, who are involved in the trainee project with the purpose to improve their skills and language knowledge, had already considerable work experiences abroad. Even if they were not necessarily involved in the schemes under bilateral agreements, their foreign work history can be described as follows: some work in Germany, after that they turn to the Austrian and/or Swiss labour market. In case the participants are involved in successive trainee programmes that support the attractiveness of the scheme. Turning to the trainee programme after any other form of previous employment abroad also supports the fact that the scheme is at least as attractive as any other form of work experience for the participant. Our evidence supports that the group of young skilled workers who find (legal) employment in the countries of Europe is rather closed. Candidates should find employment by themselves; a small closed group of young skilled workers are interested and can also fulfil all the conditions that seem to be important in various trainee programmes. Previous work experience in the given country can exclude them, however, from the programme.

Duration of frontier work

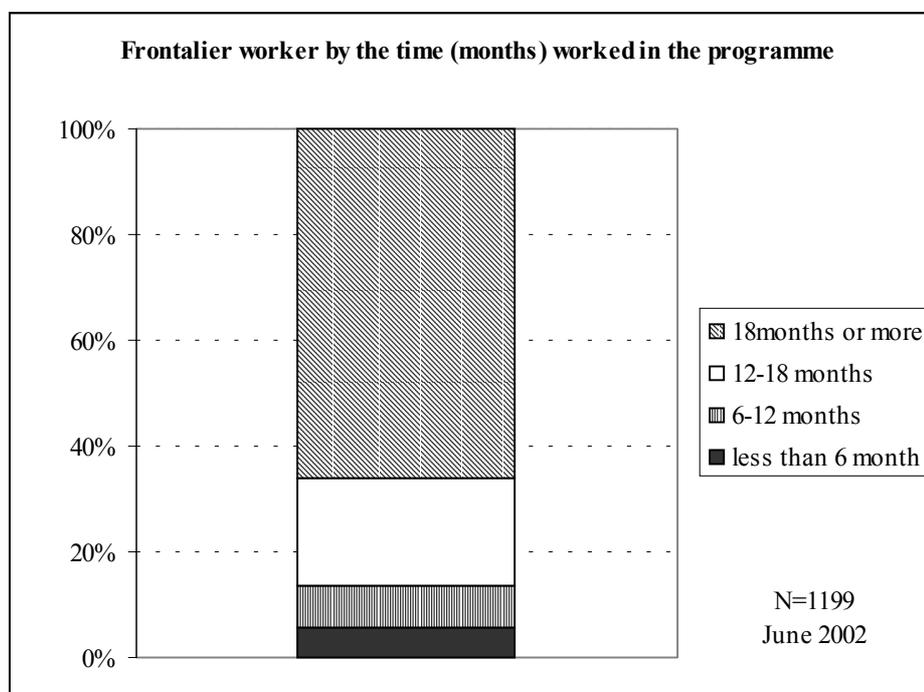
There is a continuously increasing quota for frontier labour that has been latest increased from 900 to 1200. There is no time limit of the employment under frontier labour scheme; the participation has to be extended every half a year. Outflow from the frontier employment programme is very moderate. Those who once have entered remained in the programme for years. New candidates have the chance to enter into the programme mostly when the quota is increased. As a consequence, two third of the participants in the frontier programme have been working in Austria for more than one and a half year. Less than 6 percent of all frontiers can be considered to be a newcomer, that is, person working in the programme for less than half year. That is shown in *chart 8*.

SOME CONCLUSIONS

Most of the programmes under bilateral agreements are rather closed. There are also other opportunities to work abroad; we do not know much about the share of the persons who work beyond the framework of bilateral programmes in German language countries – or in others. What is the relevance of bilateral agreements in the labour migration from Hungary? From the demand-side, migration under the programmes offers a frame of strictly controlled migration by the receiving countries labour demand. From the

point of view of political approach the (unproved) fear can be replaced with labour market arguments of controlled migration.¹⁹ The channelled migration of bilateral programmes is the legal frame for Hungarian would-be migrants to enter the more developed European labour markets. It is partly coinciding with the migrant labour supply from Hungary.

Chart 8



Why do people decide to work in a given programme? Wage gain is obvious in each case. We could see considerable differences among the labour migrants of each programme. Women are encouraged to decide for seasonal work while strongly discouraged to enter trainee scheme nor the frontalier employment programmes. It is very important to be young to be trainee but people do not decide for seasonal versus frontalier work while young.

Trainees somewhat more likely decide to participate in foreign employment from Central regions, seasonal worker from the south of the country. Frontaliers are, by definition, on the western border. The settlement where the migrant lives is also influential concerning the migration decision. Somewhat surprisingly, considerable share (15 percent) of seasonal workers gets involved in foreign employment from big cities but

¹⁹ The non-registered, illegal, black labour migration proves that there is demand for migrant labour of various sources in the receiving countries. Whether demand for non-registered, illegal additional (foreign) labour could be replaced by other sources, or other forms of labour migration is a question that is not easy to answer.

most of them live in non-agglomerated settlements of south Hungary. People get into frontier work when living in border region settlements that are not agglomerated, getting agglomerated and every third person lives in big cities of Western Hungary.

The local labour market situation influences the participants in rather different ways. Very high unemployment of the local labour market at home discourages migration, trainees are mostly engaged in foreign employment from medium level unemployed settlements of 2.5-5 percent, seasonal worker from those with 2.5-7.7 percent unemployment level (measured as unemployed/population of employment age). Low level of unemployment does not encourage working abroad. Concerning the frontiers, however, better local labour market situation (unemployment rate is low) also encourages people to work as frontiers, half of them live in settlements of low unemployment the other half in those with medium level.

Channelled migration of bilateral programmes gives the opportunity of foreign employment for delicate groups. Young skilled manual worker who repeatedly work in trainee programmes enjoy the opportunity, although the trainee purpose is not the basic motivation for them in case they are engaged in successive employment of this kind. The supply to work abroad under trainee programme is rather small, even the demand into Germany has not been met for years. The cross-border commuting, on the other hand, is an attractive form of employment, quotas of frontier programmes are filled up in a very short time, and there is no rotation in the programme. The person, once entered this kind of activity, remains there for a long time, the participation is unlimited. Unskilled labour supply into Germany has no quota limit; the seasonal labour scheme offers the employment possibility for all persons, interested. The employment in the programme and the 'stylised migrants' are mostly coinciding. Nevertheless, there is no qualified migration in the programmes and some other groups (e.g. au-pairs or domestic workers) are also missing.

The legal migration pressure could possibly overstep the present level of migration. According to migration potential in Hungary, the migration pressure has been moderate (around 6 percent) during the 1990s and increased considerably (to 13-15 percent) in 2000-2001. Those, however, who think of working in the EU are young, single, mostly men, secondary level educated, or still students (Sik-Simonovits 2002). As we have seen, demand for labour and supply of foreign employment is not always coinciding, and the effective labour demand would limit the potential labour emigration.

Appendix 1: The sample

The sample is based on the administrative data of participants of the bilateral programmes. The administration of most of the programmes – trainee programme, seasonal work programme – takes place at the National Labour Market Centre while the administration of the frontier worker programme takes place at the regional Labour Market Centre in West-Hungary (Labour Market Centre Szombathely).

We use the data files for those individuals *successfully applied* for one or another programme. Data of trainee and seasonal work programmes are based on administrative forms that are used for the purpose of administrative procedure. Most important data for the administrative process are partly computerised in form of Excel spreadsheets. Since the administrative records were rather poor the individual data were newly re-coded for the purpose of our research. While the administration of the trainee and seasonal worker programmes are poorly computerised at the National Labour Market Centre there has been developed a special computer programme developed for the purpose of the frontier worker programme administration. Finally we merged the individual data files of the participants of the above mentioned programmes and that of the frontier workers to Austria.

Data are cross-sectional including data of those entering a programme in the reference year of 2001.²⁰ There are short-term schemes of some month while other programmes are longer than a year. We included all persons entered in seasonal work programme in the year, and also all persons who entered the trainee work scheme in 2001. All frontaliers were included in the sample, which have entered and not leaving the programme until mid 2001. This way all frontaliers were included who were in the programme at a given day. In case a frontier worker happens to leave the programme a new candidate would replace him or her.

The individual data records refer to 7600 persons providing data on gender, date of birth, place of residence (settlement, postal code, county), destination countries by programmes, branch of industry of the employer abroad, employment in destination country. In some programmes we also have data on skills, education, previous employment in Hungary, previous work experience in Hungary and abroad, knowledge of languages. Except

²⁰ A previous study based on the poor recorded data of the National Labour Market Centre supports that the basic structure and character of the group of people did not changed much over time (Hárs 2001).

the frontier programme we also have data on wages abroad, according to contract.

To make comparable, we used the 4-digit employment classification to identify the last Hungarian employment, the employment abroad and qualification of the individual. For labour market indicators we used additional data file of local employment indicators: the regional database of the Institute of Economics of the Hungarian Academy of Sciences. To each individual record has been added the corresponding record of the regional database, using the settlements name vs. code to link the two datasets.

The final dataset is incomplete, some data were available for each individual, and others were not. To conclude we sum up the coherence of the data file in *Table A 1*.

Table A 1

Labour migration data

Scheme Destination country	Seasonal	Trainee			Frontalier
	Germany	Germany	Austria	Switzerland	Austria
Indicators					
Gender	X	X	X	X	X
age	X	X	X	X	X
Family status		X	X		
County	X	X	X	X	X
Settlement	X	X	X	X	X
Branch of industry of the	X	X	X	X	X
County and settlement of	X	X	X	X	X
Employment abroad	X	X	X	X	X
Education		X	X	X	X
Qualifications (FEOR)		X	X		X
Branch of last employee		X	X		
Last employment in Hun-		X	X		
Recent employment in		X	X	X	
Previous work experience		X	X	X	
Duration of previous		X	X	X	X
Language knowledge		X	X	X	
Wage abroad (according	X	X	X	X	
Working hours abroad	X	X	X	X	

Appendix 2: Bivariate correlation

Table A 2

	N=5727		N=4372		N=1355	
	Total wage	sig.	Seasonal wage	sig.	Trainee wage	sig.
women	-0.279	0.000	-0.220	0.000	0.055	0.043
age	-0.332	0.000	-0.243	0.000	0.035	0.195
U rate.	-0.243	0.000	-0.265	0.000	-0.021	0.442
Agglomeration Budapest	0.069	0.000	0.071	0.000	0.024	0.371
Non-Budapest agglomeration	0.000	0.998	0.012	0.409	0.028	0.307
Getting agglomerated	0.186	0.000	0.227	0.000	-0.054	0.045
Getting urbanised	0.091	0.000	0.127	0.000	-0.027	0.323
Big cities	0.140	0.000	0.150	0.000	0.010	0.721
Budapest	0.175	0.000	0.202	0.000	0.077	0.004
Non-agglomerated	-0.346	0.000	-0.384	0.000	-0.025	0.350
Central Hungarian region	0.193	0.000	0.208	0.000	0.083	0.002
Central Transdanubian region	0.157	0.000	0.190	0.000	0.010	0.700
West Transdanubian region	0.186	0.000	0.201	0.000	-0.059	0.029
South-Transdanubian region	-0.171	0.000	-0.157	0.000	-0.035	0.197
North Hungarian region	0.051	0.000	0.063	0.000	0.008	0.768
North Great Plain region	0.085	0.000	0.044	0.003	0.018	0.506
South Great Plain region	-0.293	0.000	-0.285	0.000	-0.014	0.605
Hotels and restaurants	0.331	0.000			-0.053	0.051
Industry	0.239	0.000			-0.107	0.000
Construction	0.168	0.000			-0.006	0.812
Machine operators and drivers	0.068	0.000			0.027	0.314
Non-manual	0.246	0.000			0.263	0.000
Other skilled manual	0.065	0.000			0.012	0.670
Non-agricultural unskilled	0.247	0.000	0.635	0.000		
Agricultural unskilled	-0.690	0.000	-0.635	0.000		
Weekly working hour	0.534	0.000	0.604	0.000	0.066	0.019
Family status					-0.003	0.932
Was previous foreign employment					-0.025	0.356
Over secondary graduation					0.192	0.000
Secondary school					0.057	0.037
Vocational school					-0.147	0.000
Primary school					0.054	0.046
Previous work in Germany					-0.036	0.187
Previous work in Austria					-0.013	0.634
Previous work in Switzerland					-0.013	0.627
Previous work in other country					0.041	0.135

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