



Student Mobility from the Best High Schools in Hungary to Foreign Universities – 2017

The IEER analysis examines the plans for higher education of students from the best high schools in Budapest, Pest and Győr-Moson-Sopron Counties. The results show that every tenth student out of all the students of the best high schools submits their application to a foreign higher educational institution. Most of these students plan to reside in their chosen city not only for the duration of their higher education, but for a longer term.

The Hungarian public opinion, the media and the scientific research also deal with the question of how many Hungarian students study in foreign higher educational institutions. However, the availability of statistical data required for answering the question is limited. There is no domestic statistical data collection on this topic, and international statistical data – which rely on the information of the host country – are published with several years of delay, or they do not cover the complete range of countries.

By focusing on the question of how many students wish to continue their studies abroad Hungarian surveys try to address the shortage of statistical data.

The cornerstone of these research projects is the following issue: to what extent they are able to identify the seriousness of the migration intention. That is, to what extent they are able to distinguish those who are most likely to migrate from those who are less serious about their plans. Those surveys which simply ask whether the student is planning the foreign

study are not able to see the difference between the student who has already submitted their application to a foreign institution and the student who has just been toying with the idea of going to study abroad. Those surveys would identify both students as potential migrants.

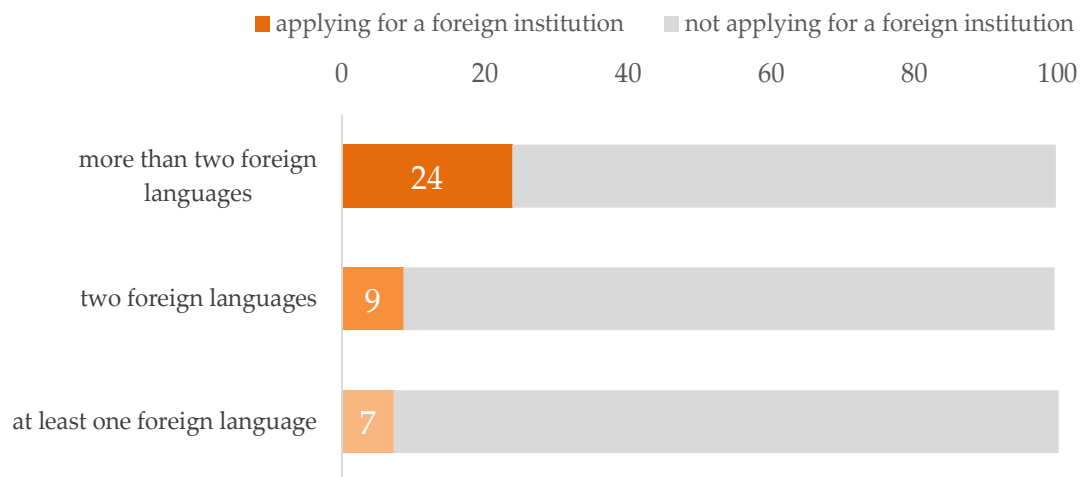
Our study examines the further educational plans of the students graduating from the most outstanding (according to the ranking of the National Competence Measurement) high schools of Budapest, Pest and Győr-Moson-Sopron Counties. The aforementioned problem of the survey question is solved by the fact that our questionnaire instead of inquiring about a possible migration plan asks specifically about the application for a given foreign higher educational institution (more precisely, for the selection of the institution and the faculty). It is assumed that if a student has already chosen an institution and a faculty or they will submit their application this year, then this answer could suggest that their migration intention is a serious one and not just wishful thinking.

In order to achieve the research aim a self-administered questionnaire was compiled and it was filled in by graduating students of twenty high schools. Our results are based on 961 students' responses.

According to our results, every tenth (9.9%) student out of all the graduating students from the most outstanding high schools has already submitted or will submit their application for a foreign university. They not only indicated their intention to study abroad, but they had already selected the foreign institution and the faculty which they had already applied for (or will apply for later this year). This means that in their case there are real migration plans.

Our findings show that girls, students with highly qualified fathers, students speaking several foreign languages and those having participated in language courses abroad, are more likely to submit their application for a faculty in a foreign university than students with different qualities. Furthermore, the results suggest that the students with better financial backgrounds are more likely to apply for a higher education abroad programme than those whose families are not that well-off.

Figure 1: The location of the studies according to the number of the spoken foreign languages, N=961

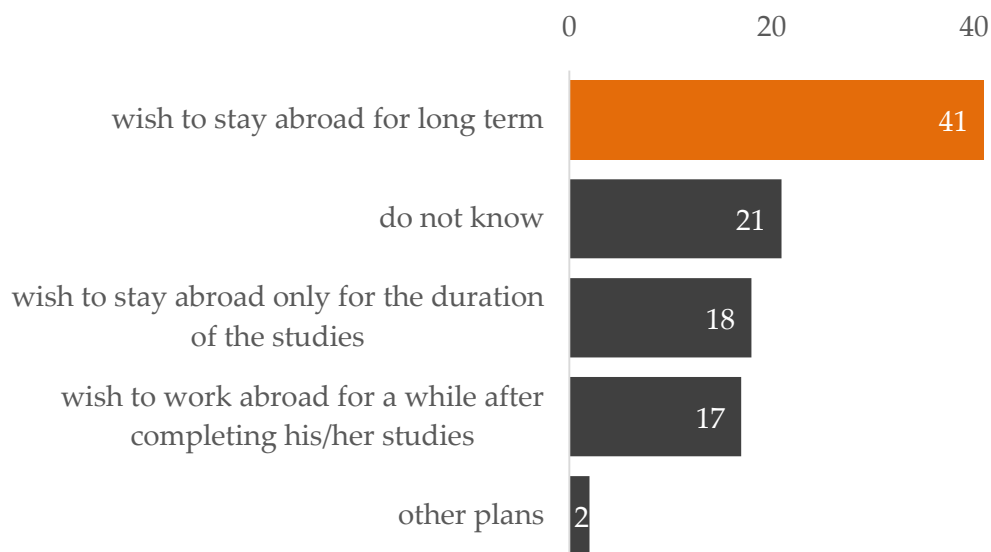


Source: IEER 2017

Students who apply for study programmes at foreign higher educational institutions wish to study primarily in the United Kingdom, Austria or Germany. The economic studies are the most popular among the disciplines. Most of the students try to get a tuition-free place. An important question is the duration of the planned foreign residence: the majority (41%) of the students wish to stay abroad for long term,

further 17% wish to stay and work abroad for a while after completing their studies. A high portion (21%) of the students still have no plans on the duration of their stay abroad. 18% of the students wish to immediately move back to Hungary after completing their studies.

Figure 2: The planned duration of the foreign residence, percentage, N=92



Source: IEER 2017

The majority of the students justify their decision on pursuing their studies abroad with the high quality of the foreign educational institutions and with the better foreign educational system. Furthermore, several students believe that they will have

more opportunities and better jobs or higher living standard abroad than they would in Hungary. The third most frequent response was the possibility to improve their language skills.

President Macron's Economic Policy

What can the French economy expect from Emmanuel Macron's presidency?

This brief analysis aims to describe the economic policy of French president Emmanuel Macron and its expected impact on the French economy over his presidential term of five years. Following an unexpected victory in the French presidential election on 7th May 2017, as president Emmanuel Macron now intends to implement a policy programme focused on reducing the budget deficit and revitalising the French economy through incentivising investment and granting more flexibility to the labour market. This analysis critically examines the economic policy proposals of President Macron that are to be implemented between 2017 and 2022, with special emphasis on fiscal and regulatory reforms and their expected impact.

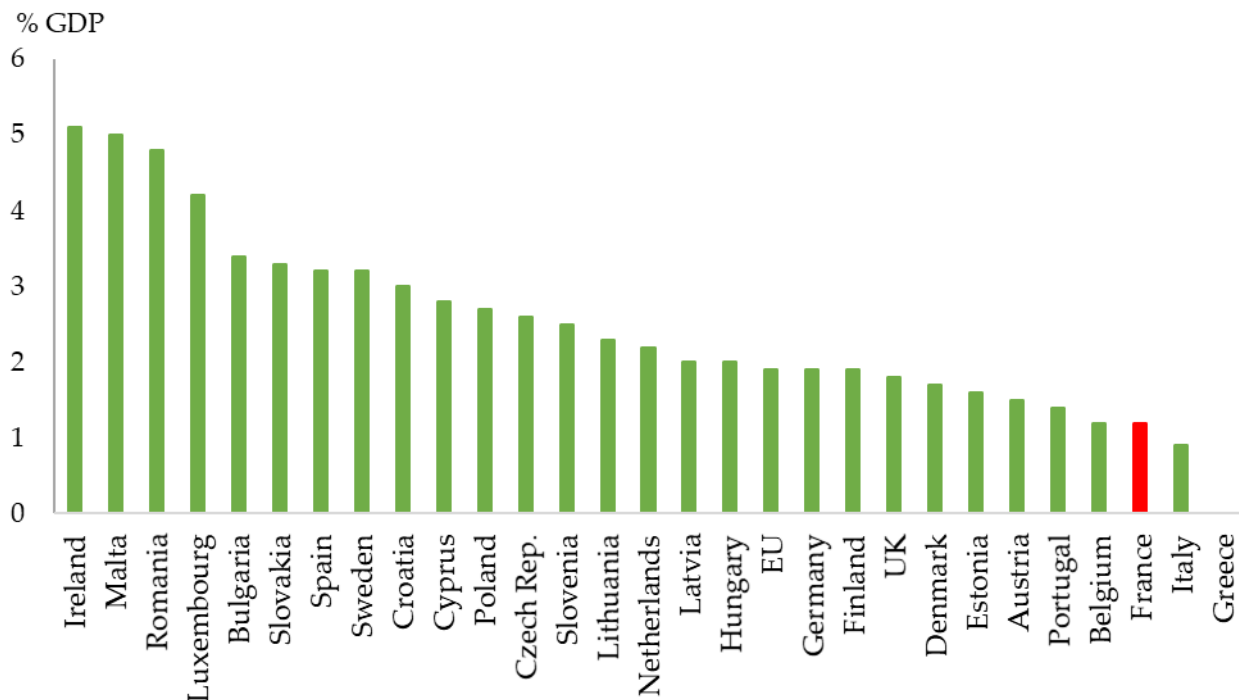
The French Economy in Brief

To contextualise the analysis, it is useful to briefly consider the current French economic climate. France has seen low GDP growth, rising unemployment and declining competitiveness since the financial crisis of 2008, failing to attain the spectacular recovery other countries in the region enjoyed. In 2016 its annual GDP growth rate of 1.2% was the 3rd lowest in the EU and 0.7% less than the EU average of 1.9%. Last year, France's unemployment rate of 10.1% was the 7th highest in the EU and 1.6% higher than the EU

average of 8.5%. This is the highest rate in the region too, with for instance Germany's unemployment rate 4.1% and the Netherlands's 6% in 2016.

Following presidents Nicholas Sarkozy and Francois Hollande's unsuccessful reform attempts since the financial crisis, Emmanuel Macron's programme of fiscal and regulatory reform attempts yet again to address the issues illustrated by these indicators.

Figure 1: Real GDP growth rate, EU member countries, 2016



Source: Eurostat, <http://ec.europa.eu/eurostat/web/national-accounts/data/database>

Fiscal policy

Emmanuel Macron’s fiscal reform proposals aim primarily to reduce the size of France’s public sector, which is among the largest in the world. Government spending amounted to 56.2% of the GDP in 2016, the highest value in the EU and 9.6% higher than the aggregate EU government spending, which is 46.6% of the EU GDP. Macron’s fiscal reform aims to cut public spending to 52% by 2022. It promises to reduce government employment, that amounted to 22% of total employment in 2015, by cutting 120,000 jobs from France’s bloated civil service by not replacing retired civil servants. It also promises to implement spending cuts of €60 billion and public investment of €50 billion. This €60 billion cut on spending will originate from three sources:

€15 billion reduction in public health spending owing to increased efficiency, €25 billion saving from public service modernisation, and €10 billion cut on local authorities spending. This will allow for the €50 billion stimulus package, that encompasses a €15 billion investment in training and skill development primarily to increase employability, €15 billion in the shift toward increasing renewable energy usage, €5 billion in farm sector financing, €5 billion for local infrastructure and transport, €5 billion on the healthcare sector and €5 billion on the modernisation of public administration.

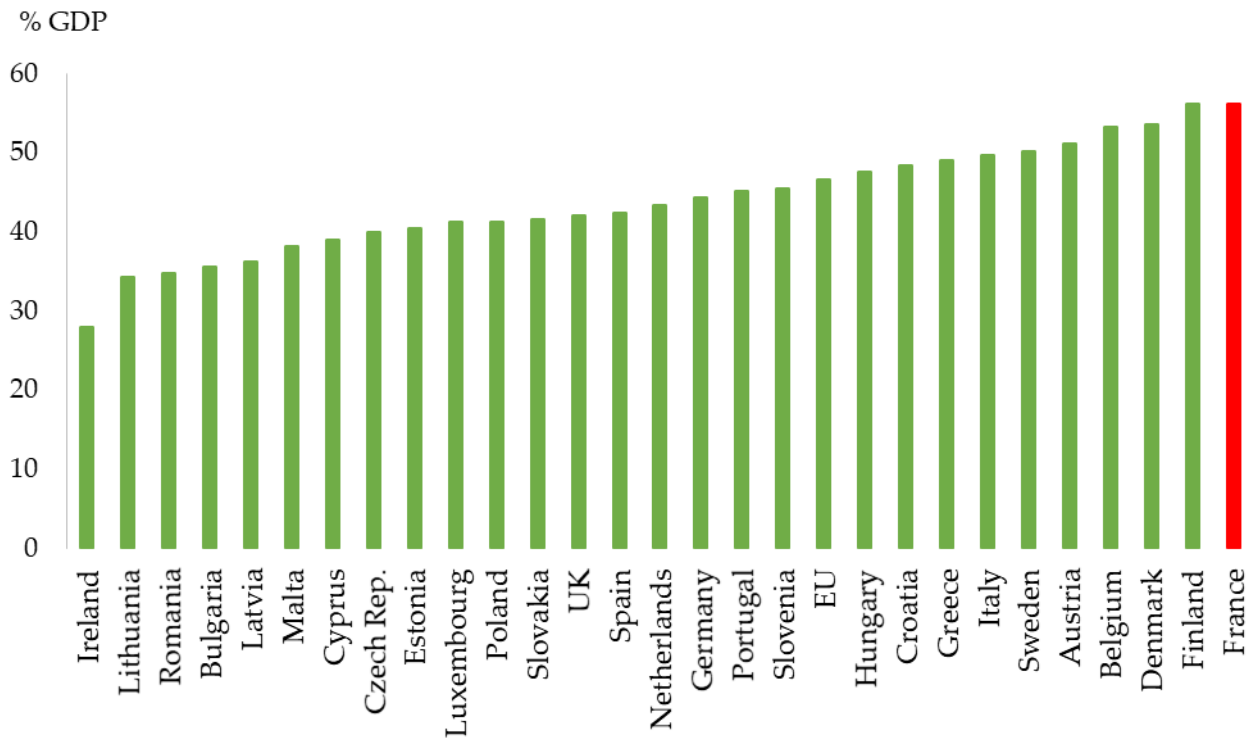
As France’s high level of taxation holds back growth, President Macron also promises to reduce households’ and companies’ taxation by €20 billion. To incentivise investments, he

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plans to lower corporate taxation from 33% to the EU average of 25% by 2022 and introduce a new wealth tax that will not apply to financial investments.

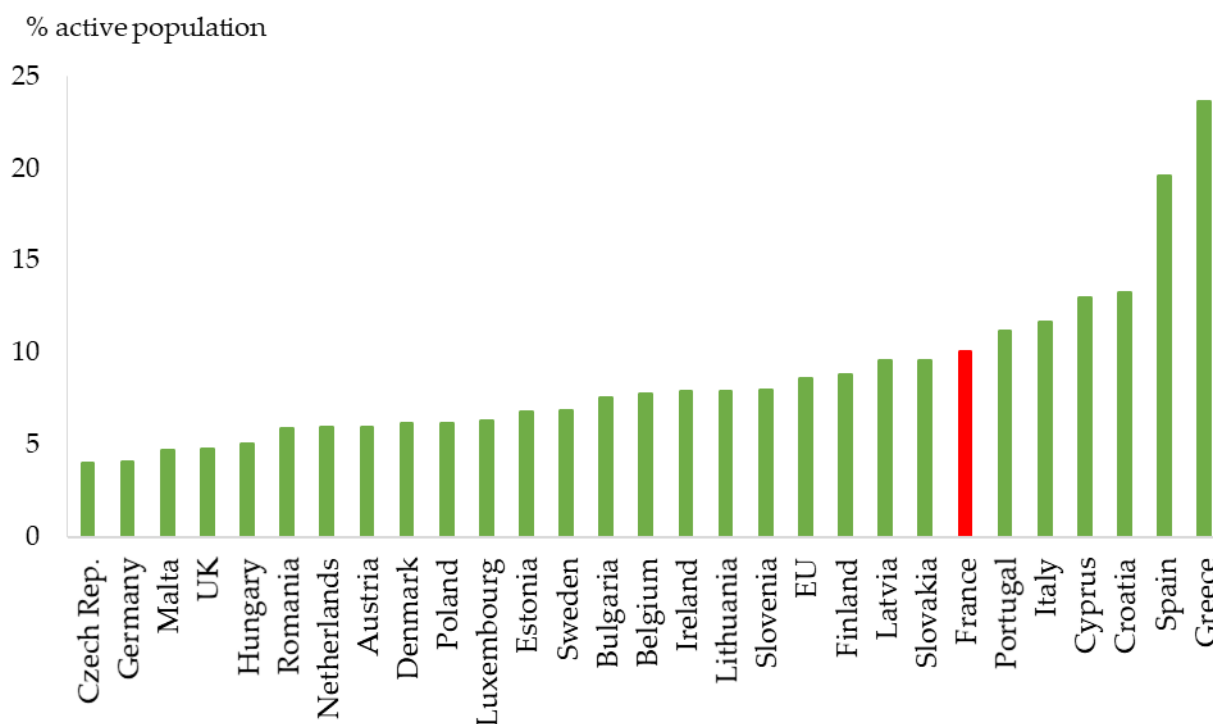
Finally, President Macron intends to be committed to fiscal discipline by keeping the budget deficit below the 3% of GDP limit set by the EU, a target that was missed by 0.4% in 2016.

Figure 2: Government expenditure as % of GDP, EU member countries, 2016



Source: Eurostat, <http://ec.europa.eu/eurostat/web/government-finance-statistics/data/database#>

Figure 3: Total unemployment rate, EU member countries, 2016



Source: Eurostat, <http://ec.europa.eu/eurostat/web/lfs/data/database>

Regulatory policy

President Macron’s primary proposed regulatory reform aims to loosen the labour market, thus improving access to employment for workers and reducing regulatory burden for businesses. This flagship reform of his presidential candidature responds to the urgent need to loosen the regulatory framework of France’s labour market, where the strict French Labour Code provides a strong disincentive for hiring staff and seeking employment. These labour policies, which are the most restrictive in Europe, have resulted in an especially high unemployment rate of 9.6% in France in 2016 and a youth unemployment rate of 21.6% among those aged 15-24. The planned reform includes measures to enable employers to negotiate specific deals on working hours and pay with employees, while keeping the controversial 35-hour working

week. Firms would also be given greater influence in organising working time and remuneration, as the merging of workers’ council would allow for companies to hold company-wide referendums on such questions and thus override union opposition. President Macron also proposes to cap redundancy payments awarded in labour courts to incentivise firms to hire staff by removing this source of legal insecurity. To reduce the disincentive for foreign investments, he also proposes to make more flexible the rules on how MNCs can make workers redundant at French subsidiaries. These regulatory reforms are to be accompanied by measures to extend the welfare state, which include an expansion of unemployment benefits available to the self-employed, entrepreneurs and farmers.

As a reaction to such reform attempts, strong labour union opposition can be expected, yet with union membership having fallen to its lowest level of 7% and major unions perceiving reforms as necessary, President Macron's attempt has the potential to succeed. As this reform is central to the credibility of his proposals, the president intends to pass it through an accelerated legislative process by September.

Criticism

While Macron's economic policy proposals have largely been considered a coherent and implementable plan with an expected positive impact on the health of the French economy, critics have highlighted the concentration on fiscal discipline and public deficit reduction as a problem. They believe the priority to be a structural reform to revitalise the economy and ensure high long-term economic growth. Settling for a moderate average growth rate of

1.6% of the GDP between 2017 and 2022 and prioritising deficit reduction risks the economy staying in a phase of moderate growth.¹

Conclusion

Nonetheless, President Macron's reforms and their likelihood of success are largely perceived positively, which is indicated by the marked increase in both business and consumer confidence since President Macron's victory. In June 2017, the OECD's French business confidence index was at 100.93, its highest level since May 2011, and the consumer confidence index was at 101.34, the highest level since July 2007. These measurements indicate confidence in the president's programme, but it remains to be seen whether President Macron's reforms can substantially increase the competitiveness of the French economy.

¹ <http://www.ofce.sciences-po.fr/pdf-articles/actu/OFCE-PB16-version-finale.pdf>; <https://www.bloomberg.com/view/articles/2017-07-11/the-macron-revolution-should-be-about-growth>

International trends

Development of production, consumption and employment in certain globally significant economies, compared with expectations and values of the previous period.

		Period in review	Actual data	Expectations	Previous period
	Unemployment Rate	(Jul)	5.7%	5.7%	5.7%
Germany	Manufacturing Purchasing Managers Index	(Jul)	58.3	59.2	59.6
	IFO Business Climate Index ¹	(Jul)	116.0	114.9	115.2
France	INSEE Business Climate Index ²	(Jul)	108		106
	Unemployment Rate	(Jul)	4.3%	4.3%	4.4%
USA	CB Consumer Confidence Index	(Jul)	121.1	116.5	117.3
	Manufacturing Purchasing Managers Index	(Jul)	53.3	53.2	53.2
China	Manufacturing Purchasing Managers Index	(Jul)	51.4	51.6	51.7

<https://www.cesifo-group.de/ifoHome/facts/Survey-Results/Business-Climate/>

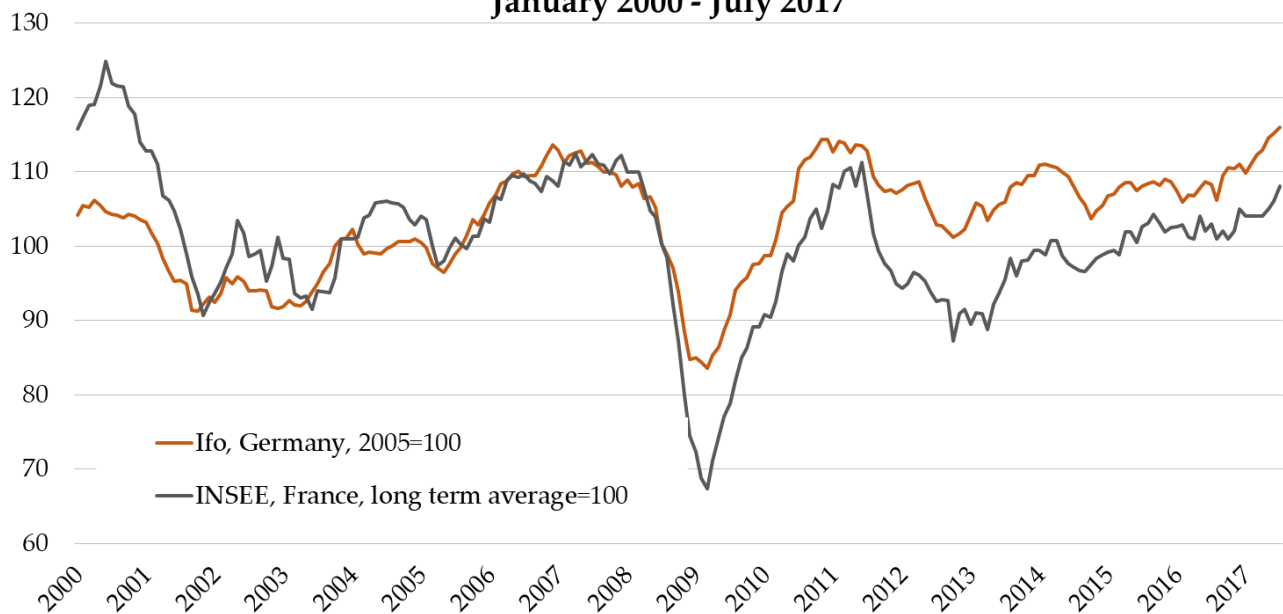
² <http://www.insee.fr/en/themes/indicateur.asp?id=105>

Source of the remaining data: <http://worldeconomiccalendar.com>

The performance of the German economy has not changed significantly in July compared to the last months. The level of unemployment stagnates around the 6 percent rate. The manufacturing purchasing manager index (PMI) has decreased slightly compared to the previous month and the expectations. The IFO business climate index, however, continues to improve just as in the previous period. The French INSEE business climate index has improved compared to the previous month as well. In the United States the CB consumer confidence index was higher than in the last month and the expectations. The manufacturing PMI shows a slight increase as well, while the level of unemployment decreased marginally. The Chinese manufacturing PMI, after the increase seen in the previous months, performed worse in July than the expectations.

Long-term changes in business confidence indices

**Business confidence in Germany and France,
based on the Ifo and INSEE business climate surveys,
January 2000 - July 2017**



Source: www.cesifo.de, www.insee.fr

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In case of publication please cite as follows:

HCCI-IEER: Monthly Economic Bulletin,

July 2016. Budapest,

2016-08-09