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## UNDERSTANDING MIGRATION IN ALBANIA

### ZROZUMIEĆ MIGRACJĘ W ALBANI

#### Abstract

*Migration is a phenomenon that has been present in many countries during their stages of development. Albania as a developing country is still facing migration in recent years. Since this phenomenon has resulted in obvious effects, researchers have dedicated a lot of work in relation to the impact in the countries' development. The aim of the paper is to analyze the phenomenon of migration in Albania, its characteristics and its effects on the economy. A brief description of the migration stages and the related causes is provided at the beginning. Then, there are some data on migration in Albania today. The paper follows the link of migration with economic development. In short-term migration has a positive effect on the economy, impacts through remittances help alleviate poverty, but in long run, migrants create families in countries where they have migrated, resulting in a decline in remittances.*

**Keywords:** *Migration, Albania, Remittances, Poverty, Economic Development, Brain drain*

#### Streszczenie

*Migracja jest zjawiskiem występującym w wielu krajach podczas ich rozwoju. Albania jako kraj rozwijający się wciąż zmagają się z migracją w ostatnich latach. Ponieważ zjawisko to przyniosło oczywiste efekty, naukowcy poświęcili wiele pracy w związku z wpływem migracji na rozwój. Celem artykułu jest analiza zjawiska migracji w Albanii, jego cech i wpływu na gospodarkę. Krótki opis etapów migracji i powiązanych przyczyn znajduje się na początku artykułu. Następnie podano dane dotyczące migracji w Albanii na dzień dzisiejszy. W dalszej części artykułu przedstawiono powiązanie migracji z rozwojem gospodarczym. Migracja krótkoterminowa ma pozytywny wpływ na gospodarkę, jej wpływ poprzez przekazy pieniężne pomaga zmniejszyć ubóstwo, ale na*

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*dłuższą metę migranci tworzą rodziny w krajach do których wyemigrowali, a to skutkuje spadkiem przekazów pieniężnych.*

**Słowa kluczowe:** *Migracja, Albania, Przelewy, Ubóstwo, Rozwój gospodarczy, Drenaż mózgow*

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### **Statement of the problem in general outlook and its connection with important scientific and practical tasks.**

For the last three decades, migration is a widespread phenomenon in Albania. After the overthrow of the communist system in Albania, people began to migrate en masse, some entering embassies, some fleeing the mountain to neighboring Greece and others by boat or speedboat to Italy. This process was a consequence of the situation in Albania. On one hand, the difficult economic situation was the reason for the mass displacement, and on the other hand, the mass displacement caused the destruction and closure of many state-owned enterprises and factories and the abandonment of rural areas. Based on the current situation in Albania, with daily

information on the departure of healthcare personnel to Germany, also bearing in mind the articles of Gedeshi I. (1999) and Ratha D. (2010), we were prompted to analyze the migration that from its beginnings and until today, to better understand its progress and causes, its impact on poverty and economic development. From various articles that have studied migration, we have based our analysis on the impact of remittances in Albania. Also, the information published on various websites has helped us to better understand what has happened and what is expected to happen with migration in Albania.

### **Analysis of latest research where the solution of the problem was initiated.**

The main articles of migration, poverty and economic development, to which the authors refer in this article are the analyze of the use and importance of remittances from (Lucas 2005) and de Zwager N.; Gedeshi I. et al (2005) "Competing for remittances". We use articles of Stark (1991) and Adams (1991) to find the supporting evidence on the positive role of remittances towards reducing poverty. During our study we used also the finding of Brauw and Rozelle (2003) and De Soto H.; Gordon P. et al (2002) "Poverty in Albania: A Qualitative Assessment" The World Bank Washington D.C, for important info about remittances and how

much important they are for Albanian family to provide consumption. Lots of articles are used for a better understanding of the relationship between migration and economic development and impact on each other, the most important its article by Hein De Haas (2009). A number of articles it's used for understanding more about migration as an article of Barjaba (2000) to analyze characteristics and the number of Albanian migrants and article of Ghosh (2006) to see the positive effects of remittances at both microeconomic and macroeconomic level. We found data for our article on the World Bank and Instant (Albanian Institute of Statistics) website.

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## **Aims of paper. Methods**

This study aims to realize an overview of migration in Albania, all periods with relevant characteristics and causes. Some of the objectives of the study are: to find out the number of migration and causes of migration in Albania, the recent trends of migration in Albania, the value of remittances and the effect they have had in Albania, the link between migration and the effect of poverty in Albania, the microeconomic and macroeconomic effect

of remittance migration. Throughout this article we have collected, processed and compared data on the number of migrants, the value of remittances and GDP from the World Bank website and the Albanian Institute of Statistics. We also used different graphs to illustrate more clearly the links between different economic indicators, such as migration and poverty, development and migration, remittances and GDP.

## **Exposition of main material of research with complete substantiation of obtained scientific results. Discussion.**

### **Migration in Albania**

Migration is one of the most important issues nowadays. In 2019 the number of international migrants worldwide - people residing in a country other than their country of birth - reached 272 million. [17]. Migration is the movement of people from one place to another with the intention of settling, permanently or temporarily at a new location (geographic region). It's a global phenomenon which in the last 10 years its getting bigger, by globalization, economic crises, unemployment, social inequality etc. The movement is often over long distances and from one country to another, but internal migration is also possible; indeed, this is the dominant form globally. People may migrate as individuals, in family units or in large groups [18]. Migration to Albania is not a new but early phenomenon. The first Albanian emigrants date back to the 15th century, after the conquest by the Ottoman Empire, many Albanians fled south to Italy (Calabria) [19]. During the socialist period (1945-1990) international migration from Albania was forbidden, and technically did not exist, as it was illegal and punishable by long prison terms. However, even during

that period, there were cases of persons trying to leave the country, some of whom managed to leave and others were arrested or killed. The first real migration wave began in July 1990-1992. By August 1991, around 200,000 Albanians had left Albania (Gedeshi I., 1999, p. 40). The main cause of this massive displacement was the difficult economic situation, massive unemployment, hyperinflation, a privatization process accompanied by a de-industrialization of the country. Isolation and harsh living conditions for about 50 years prompted Albanians to leave for a better life in the west in Greece, Italy and many other European countries. The second wave of migration was between 1992-1997. Mostly qualified state and private enterprise employees who were shut down were forced to leave to make a living in one of the western countries, migration to this period was mainly to Italy and Greece. The peak of the outflows during this period came in 1997. The bankruptcy of pyramid schemes and the civil war fueled a new wave of migration that continued until the 2000s. In recent years there has been a new wave of migration of young professionals abroad, a continuing phenomenon that

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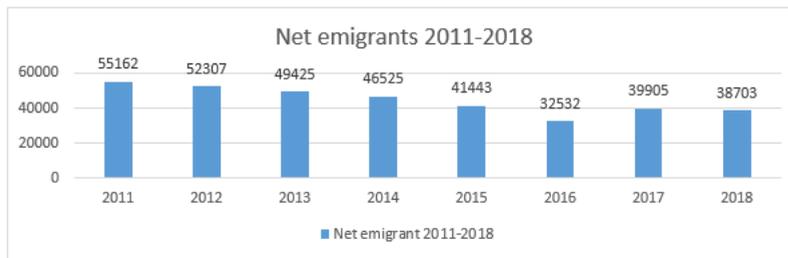
began with the departure of healthcare personnel to Germany [20], and now turning into an ever-increasing trend. A recent Gallup poll (https://www.gallup.com) shows that 60% of Albanians adults would like to move, ranking Albania fourth in the world [21]. For young people, the number may be higher. As Ravenstein's work, The Laws of Migration provided the first systematic principles that explain the dynamics of migration (Ravenstein, 1885:167-227). He defines as push factors, economic factors in place of origins who force people to migrate and he calls pull factors migration flows in the destination. In Albania, the factors can be classified as follows.

Push factors: Low pay, poor working conditions, lack of resources to work effectively, limited career and development

opportunities, unstable work environment, economic instability, low wage/salary, lack of research and other facilities, poor working facilities, desire for a better urban life, desire for higher qualification and recognition, better career expectation.

Pull factors: Opportunities for remittances, better working conditions, better-resourced health systems, career opportunities, post-basic education provision, political stability, travel opportunities, higher pay and income, modern education system and a better chance of advancement, better working condition and better employment opportunities, the presence of scientific and cultural tradition. According to Instant (Albanian Institute of Statistics) in 2011 the net number of emigrants was 55162 and in 2018 that number was 38703.

**Fig 1. Net Emigrants in Albania 2001-2018.**



Source: <http://www.instat.gov.al/>

As well as internal migration, the shift from rural areas to urban areas is a phenomenon that began after the 1990s and is still continuing today. Tirana is the one that, by far, attracts the largest mass of internal migrants, reflecting the growth of urbanization in Albania. The impact of these changes is different in different areas of Albania, where many municipalities in the mountainous areas have experienced drastic decreases in population. Given that individuals who leave these countries - whether in another area of Albania or elsewhere - have a significant impact on

demographic composition. Some of the villages have been abandoned, while other areas have clearly gained working-age populations, creating opportunities for development. In Farka and Kashar the population has almost tripled.

#### **Migration and Economic development**

Economic development is the process by which the economic well-being and quality of life of a nation, region or local community are improved. The term has been used frequently a century before. Economic growth is only one aspect of the economic development process. Whereas

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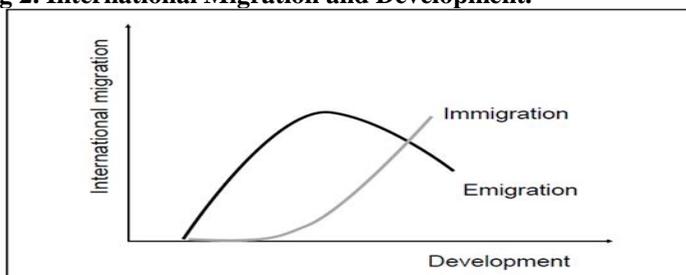
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economic development is a policy intervention endeavor aimed at improving the well being of the people. Development affect migration or migration affect development? They are part of each other and have a lasting impact on each other.

The impact of migration on development depends on whether it is short term or permanent. The short term brain drain has positive effects. Every year, migration generates worldwide billions of dollars in remittances and has therefore been associated with a decline in poverty. Migrants also bring home important skills and expertise. However, when the number is large and there are negative effects. In the long run, migrants with a family in the destination country will not have to remittance anymore, will have a loss of

highly skilled workers, reduced quality of essential services, reduced growth and productivity due to lower stock of highly skilled workers, less potential tax revenue etc. Meanwhile, economic development means more jobs, higher wages, lower inequality, a better quality of life and consequently lower migration. Many scholars have analyzed the link between migration and economic development. Hein De Haas (2009) argues that migration should be considered as a process closely linked to economic development. In the first stage of economic growth, the level of migration rises with the increase in per capita income. But once the country is in the advanced development phase, emigration starts to decrease.

**Fig 2. International Migration and Development.**



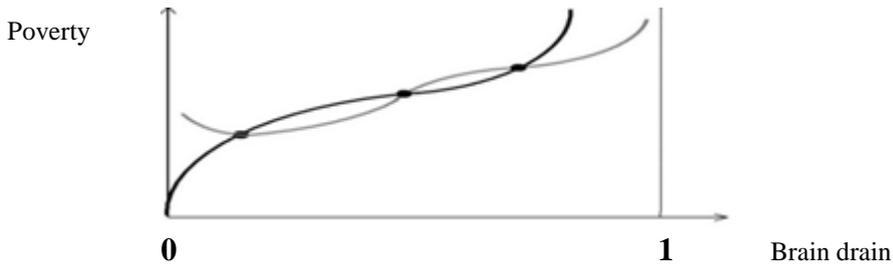
Source : De Haas (2009)

Brain drain is a major issue of migration in Albania. The difficult economic and political situation and the many opportunities offered by European countries are the main factors driving the mass migration of skilled people, mainly the migration of healthcare personnel to Germany.

### **Brain Drain and Development**

Docquier, Lohest, and Marfouk (2007) showed that brain drain increases with political instability and decreases the level of development of the country of origin. Is the brain drain a cause or a consequence of poverty? Indeed, brain drain and economic development are two interdependent processes. The interactions between these two variables is key to understanding the development process.

**Fig 3. Brain Drain and Poverty.**



Source: de la Croix dhe Docquier (2012).

We see from the picture that poverty increases with the increase in brain drain. The intersections between the curves are the potential equilibria. The relationship is positive if in one country poverty is low than the brain drain is low and vice versa. The equilibriums are not the same for all nations they depend on exogenous characteristics and different policies. Brain drain can reduce the country's productive capacity, and can affect the business environment, especially in small economies. Various studies have shown the importance of remittances as a measure of migration in reducing poverty and economic development.

Giuliano and Ruiz-Arranz (2005) find remittances impact positively on GDP growth when the financial markets are relatively underdeveloped. Also, Anyanwu and Erhijakpor (2010) have estimated the remittance effects on poverty in 33 countries of Sub-Saharan and North Africa over the period 1990-2005. Using the ordinary least squares method they found that a 10 percent increase in the share of remittances in GDP reduces the poverty headcount by 2.7 percent, and the depth and severity of poverty by 2.9 percent, respectively. Ratha (2013) argues that remittances could play a key role as a 'powerful anti-poverty force' because they tend to increase the incomes of households in the developing world.

Remittances have been the main means of poverty reduction in Albania, is the main source of consumption of goods and services for most households. Based on the results of the LSMS 2002 households that received remittances they represented 47 percent of the household income. Becoming the main source for distinguishing a family from being poor or poor The average size of monthly remittances was 13,600 ALL or US \$ 95 (IMF, 2005). A study conducted in 71 countries on the importance of remittances for poverty alleviation has shown that for every 10% increase in the value of per capita remittances, the number of individuals living below the poverty line drops to over 3.5% (Richard et al. al., 2005). But unlike the seemingly positive microeconomic effect of remittances, it is difficult to find the true effect of remittances at the macroeconomic level, and economists are divided on whether this effect is positive, negative or insignificant. Historically, remittances have tended to increase in times of economic crises and natural disasters as migrants send more money to help their families back home (World Bank 2006b; Yang 2006; Yang and Choi 2007; Mohapatra et al. 2010). Shera. A and Meyer.D (2013) found in their study that remittances have a positive effect on Albania's GDP per capita growth, precisely a 1% increase in remittances

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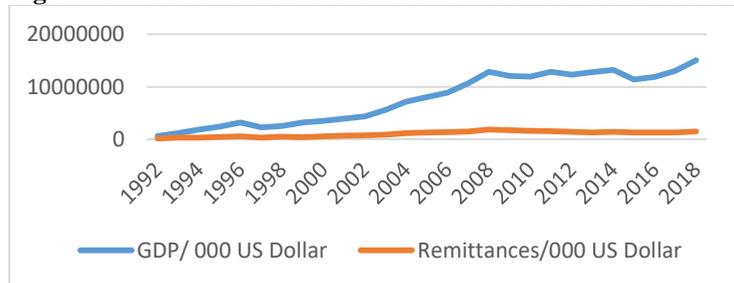
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leading to a 0.14% increase in GDP per capita. The graph below shows GDP and remittances in the US \$ 000 for the period 1992-2018. GDP has the same trend as

Remittances, which have been on the upward trend until 2008, then declined as a result of the economic crisis in Greece and Italy.

**Fig 4. Remittances and GDP in Albania in 000 US Dollar 1992-2018.**



Source: World Bank

The figure shows that in 1993 Remittances were very significant for the Albanian economy, accounting for about 27% of GDP and in 2018 this level was less than 10% of GDP. The true value of remittances is thought to have been even higher, but difficult to calculate because of the informal routes migrants use to send. The reasons for the low value of remittances in recent years may be several, among which we can mention that most of the emigrants have established families in the countries where they live, many leaving home with no reason to send remittances, another is that recent years immigrants are predominantly qualified persons and remittances sent by immigrants at this level

are much lower than those sent by less-educated immigrants (Richard and Adams, 2003).

With all the positive effects we can mention the problems associated with remittances. Firstly, as well as studies have shown in Albania of remittance households there has been an abandonment of villages and households moving to urban areas and when remittances fall, these families face economic hardship (Carraso and Ro, 2007). Many small towns are inhabited by families coming from rural areas and their only income is remittances and economic assistance (In particular Memaliaj, Tepelena, Patos, Kavaja).

## Conclusions.

Migration is a widespread phenomenon in the world today. In our country migration dates back to the 14th and 15th centuries, but after the 1990s, migration was at a very high level accompanied by high levels of remittances that served as a means of alleviating poverty. In recent years there has been an increasing trend of migration again, a phenomenon which is worrying because it is a growing trend especially by

healthcare human resources but also by other professionals. As a consequence, there is a shortage of skilled labor, a shortage in hospitals and large businesses. Remittances, have had a positive macroeconomic and microeconomic effect on the economy and have made it possible for many families to come out of poverty. The phenomenon of migration is international and the factors mostly pull

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factors (opportunities offered by western countries) than push factors, therefore, opportunities to curb this trend are minimal. Further studies emerge as a need to

quantitatively and reliably identify claims, or secondary sources, that there is an increase in healthcare human resources immigration.

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