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The Labor Market Impact of Albanian Emigration to the EU after Full Membership: A Survey of Theoretical and Empirical Literature

Abstract

In literature and surveys, the issue of economic impacts and consequences of potential immigration from non-EU countries like Albania to the EU labor market have been much debated especially in the EU side. According to the theories of migration, a major incentive to migrate is a real income or wage differentials between regions or countries. Also, the economic impact of immigration on wages and employment levels will obviously differ with the skill levels of migrants. If migrants mainly are unskilled and native workers skilled, like in the case of emigration from Albania to the EU especially to the neighbors and main receiving countries of Greece and Italy, we can easily say that Albanian and the EU workers are complements because of Albanian immigrants and the EU native workers are not substitutes in production. So, an increase in the number of Albanian immigrants raises the marginal product of the EU natives, shifting up the demand curve for the EU native-born workers. This increase in the EU native productivity raises the EU native wages. Moreover, some EU natives now see the higher wage rate as an additional incentive to enter the labor market, and the EU native employment also rises. On the other side, the empirical literature on this issue does not agree on the size of the potential immigrants from Albania to the EU labor market. Although, it is not clear what the sources were or the methods used to arrive at these estimates, there is reason to believe that the figures for the main countries such as Greece and Italy are very probable. According to the historical background size of the Albanian migrants to the especially Greece and Italy the size of migration after accession is estimated between 600 thousands and 1.1 million.

Key words: immigration, Albania, the European Union, labor market, wages and employment

1. Introduction

The subject of potential migration flows from Albania and its effects on the EU labor market after free movement of labor is a considerable issue in Albania-EU future full membership process. In 1997 Albania was included in EU's 'Regional Approach' programme, predecessor to today's 'Stabilisation and Association Process' (SAP)

(European Council, 1997; 1999). Under the terms of the SAP, the EU offers Albania the possibility of future EU membership (European Council, 2000: Art. 69).

On 12 June 2006, Albania signed in Luxembourg the Stabilisation and Association Agreement (SAA) and the Interim Agreement with the EU. As of December 2006, the Interim Agreement for trade and related issues has come into force. According to the European Commission, the implementation of the Interim Agreement has been successful. The Government of Albania has prepared and is implementing the National Plan for the Implementation of the Stabilization and Association Agreement as the main monitoring instrument of the political, economic, legal and institutional reforms and is considered an integral part of the National Strategy for Development and Integration.

The SAA is the instrument which will enable gradual integration of Albania into the European Union. The Agreement creates the necessary framework for strengthening the rule of law, increase its effectiveness, and assist institutional and economic reforms with the aim to raise the standards of living for all citizens. Through this Agreement, Albania aims to attain the standards that will guarantee its status as a candidate state and subsequently association with the European Union.

The SAA envisages the principle of national treatment, according to which an Albanian worker, legally employed in the territory of an EU member state, must be treated equally to the citizens of this EU member state with respect to working conditions, remuneration or dismissal. Further, the spouse and children of a legally employed worker in the territory of an EU member state, when they reside legally in this state, have the right to education and labor market access in this member state during the period of that worker's authorised stay of employment. However, access to employment for Albanian workers in the European market is limited because they remain at the willingness of the EU member states, which recognise free movement of worker through bilateral agreements, which they sign with Albania (IMF, 2008).

The issue of the impact of emigration from Albania to the EU after free movement of labor on the EU countries' labor markets is now being heatedly debated in Albania-EU membership process. In fact, the entrance into the EU means the removal of all barriers to free movement of labor. According to the European opinion polls, the European labor market may be flooded with millions of unskilled non-EU workers. If substantial and uncontrolled, these immigration flows could lead to important disturbances in the EU labor market. The direction of migration flows will also be impacted on by the location of existing Albanian migrants especially in Greece and Italy.

Each of the EU annual reports goes deep into the technical details of inadequate legislation and procedures not yet conforming to EU norms. What is however lacking is empirical data on the evolution of migratory movements. One feature common to all reports is a blatant EU-centrism, completely neglecting the side-effects of migratory movements on the EU's partner country Albania. 'Progress' is defined more or less in terms of the permeability of Albania's borders and corresponding EU-style legislation, essentially disregarding the context of its implementation. Often there is a resort to vague statements leading to similarly vague suggestions: "Albania appears to have made progress regarding the control of illegal migration/trafficking towards the EU [...], but events [...] in early January demonstrate that further efforts are needed [...] However, border management continues to require substantial improvement" (European Commission, 2005: 35).

In this paper, we try to answer some current questions on this immigration impacts in the light of theory and empirical literature as follows: Will accession to the EU generate uncontrolled massive migration flows of Albanian migrants to the EU countries? How the wages and employment opportunities of the EU native workers will respond to migration from Albania to the EU labor market? Are high wage level and skilled the EU workforce and Albania's low skilled unemployed workforce perfect substitutions or complements? And, who will benefit and who will lose from immigration or will both sides win? This paper summarizes what we know about the impact of potential emigration flows from Albania on the EU labor market after free movement of labor and it also presents a survey of theoretical and empirical literature on this issue.

2. Reasons to Migrate and the Labor Market Impact of Immigration: Theoretical Approach

2.1. Decision to Migrate

(a) The neoclassical approach

The neoclassical approach to migration analysis can be traced back to Smith (Smith, 1776) and Ravenstein (Ravenstein, 1889:214-301). The basic assumption of this model is that individuals maximize their utility subject to a budget constraint. The central argument evolves around wages. Hicks proposed that "differences in net economic advantages, chiefly differences in wages, are the main causes of migration" (Hicks, 1932:76). Migration mainly occurs because of geographical differences in the demand and supply of labor markets. Regions with a shortage of labor relative to capital are characterized by a high equilibrium wage, whereas regions with a large supply of labor relative to capital are faced with low equilibrium wages. This wage differential causes a migration flow from low wage to high wage regions.

In response to this migration flow, the supply of labor in the high wage region increases; subsequently, the wage in this region falls. Similarly, due to migration, the supply of labor in the low wage region decreases and the wages in this region rise. The migration flow ends as soon as the wage differential between the two regions reflects the costs of movement from the low wage to the high wage region. As a result, the model argues, labor migration emerges from actual wage differentials between regions, i.e. the larger the wage differential the larger the migration flow (Bauer and Zimmermann, 1999:13).

(b) Geographic migration as a human capital investment

Sjaastad introduced the human capital model to migration research (Sjaastad, 1962:80-93). This model, which probably became the most influential and widely used approach, treats migration as an investment decision of an individual. Practically all modern analysis of migration decisions uses this hypothesis as the point of departure and views the migration of workers as a form of human capital investment (Borjas, 2008:322). Workers calculate the value of the employment opportunities available in each of the alternative labor markets, net out the costs of making the potential move, and choose whichever option maximizes the net present value of lifetime earnings.

Depending on their skill levels, individuals calculate the present discounted value of expected returns of their human capital in every region, including the home location. Migration occurs, if the returns, net of the discounted costs of movement, are larger in a potential destination region than the returns in the country of origin. The costs of movement not only include money costs like travel expenses, differences in the costs of living, and foregone earnings while moving, but also psychological costs arising, for example, from the separation from family and friends. It should be noted that every individual evaluates the returns and costs in a different way, depending on personal characteristics such as age, gender, and schooling (Bauer and Zimmermann, 1999:15).

We can calculate net present value of migration using this equation (McConnell *et al.*, 2003:279; Ehrenberg and Smith, 2009:325; Borjas, 2008:322):

$$V_P = \sum_{n=1}^N \frac{E_2 - E_1}{(1+i)^n} - \sum_{n=1}^N \frac{C}{(1+i)^n} - Z$$

V_P = present value of net benefits

E_2 = earnings from new job in year n

E_1 = earnings from existing job in year n

N = length of time expected on new job

i = interest rate

n = year in which benefits and costs accrue

C = direct and indirect monetary costs resulting from move in the year n

Z = net psychic costs (psychic costs - psychic gains)

In equation, if Vp is greater than zero, implying that the expected earnings gain exceeds the combined monetary and net psychic investment costs, the person will migrate. If, conversely, Vp is smaller than zero, the person will remain in his or her present job and location. All else being equal, the greater the annual earnings differential ($E_2 - E_1$) between the two jobs, the higher will be the present value of the net benefits (Vp), and the more likely it will be that an individual will migrate.

(c) Family migration

In the theories discussed above, migration theory focuses on treating migration as a problem of individual decision-making. A different approach challenges many of the foregone conclusions by postulating that families or households typically make migration decisions. Mincer examines the influence of an increased labor force participation of wives on the migration decision of families (Mincer, 1978:749-773). Household size and the number of working family members increase the sources of costs and benefits from migration. Those family members who do not move on their own initiative often have to face reduced earnings and employment possibilities in the labor market of the destination country. Therefore, a family will only migrate, if the gains of one family member internalize the losses of the other family members. Mincer, shows that increases in the labor force participation rates of women lead to increased interdependence of the partner's migration decision, which results in both less migration and more marital instability. Increased marital instability, in turn, encourages migration as well as an increase in women's labor force participation. Furthermore, migration should decrease with increasing family size (Bauer and Zimmermann, 1999:17-18; Borjas, 2008:329; Ehrenberg and Smith, 2009:332).

2.2. The labor market impact of immigration

(a) A simple model of the labor market impact of immigration

The simplest model of immigration assumes that immigrants and natives are perfect substitutes in production. In other words, immigrants and natives have the same types of skills and are competing for the same types of jobs (Ehrenberg and Smith, 2009:340-342; Borjas, 2008:181-184; McConnell et al., 2003:287-293; Borjas, 1995:3-22; Borjas, 1994:1667-1717).

The impact of immigration on this labor market in the short run (with capital held fixed) is illustrated in *Figure 1*. As immigrants enter the labor market, the supply curve shifts out, increasing total employment from N_0 to E_1 and reducing wages from W_0 to W_1 . Note that fewer native-born workers are willing to work at this lower wage, so the employment of native workers actually falls, from N_0 to N_1 . In a sense,

immigrants “take jobs away” from natives by reducing the native wage and convincing some native workers that it is no longer worthwhile to work.

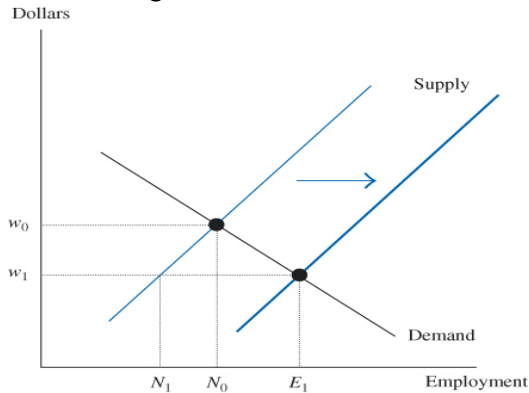


Figure 1: *The Short-Run Impact of Immigration When Immigrants and Natives Are Perfect Substitutes*

The short run impact of immigration when native workers and immigrants are perfect substitutes, therefore, is unambiguous. As long as the demand curve is downward sloping and capital is fixed, an increase in immigration will move the economy down the demand curve, reducing the wage and employment of native-born workers.

Of course, the assumption that native workers and immigrants are perfect substitutes is questionable. It may be that immigrant and native workers are not competing for the same type of jobs. For instance, immigrants may be particularly adept at some types of labor-intensive agricultural production. This frees up the more skilled native workforce to perform tasks that make better use of their human capital. The presence of immigrants increases native productivity because natives can now specialize in tasks that are better suited to their skills. Immigrants and natives thus complement each other in the labor market.

If two groups are complement in production, an increase in the number of immigrants raises the marginal product of natives, shifting up the demand curve for native-born workers. As Figure 2 shows, this increase in native productivity raises the native wage from W_0 to W_1 . Moreover, some natives who previously did not find it profitable to work now see the higher wage rate as an additional incentive to enter the labor market, and native employment also rises from N_0 to N_1 .

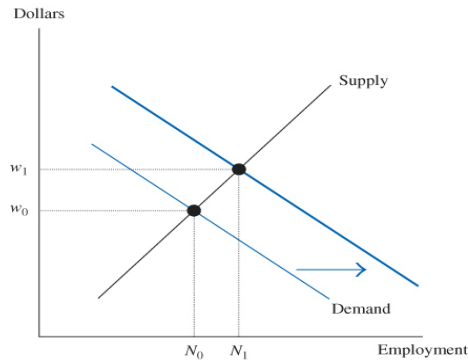


Figure 2: *The Short-Run Impact of Immigration When Immigrants and Natives Are Complements*

In the short run, say that immigrants and natives are perfect substitutes, the supply curve shifts to the right and the wage falls to w_1 . Immigration initially shifts out the supply curve. As a result, the wage falls and over time, capital expands as firms take advantage of the cheaper workforce, shifting out the labor demand curve.

In the long run, the demand curve also shifts to the right and it must shift by a sufficient amount to bring the labor market back to its pre-immigration equilibrium. In the end, the wage is again equal to w_0 . Note that, at this wage, the same number of native workers is employed as was employed prior to the immigrant influx. The long-run effects of immigration when immigrants and natives are perfect substitutes are illustrated in *Figure 3*.

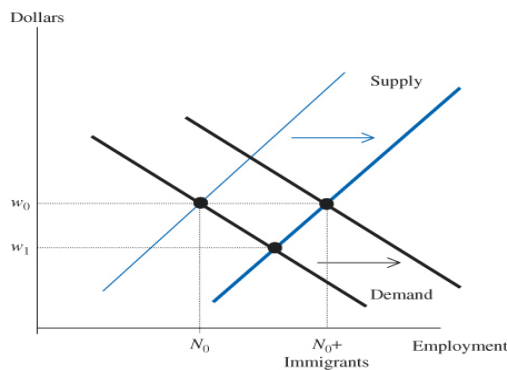


Figure 3: *The Long-Run Impact of Immigration When Immigrants and Natives Are Perfect Substitutes*

(b) The economic benefits from immigration

Immigrants may have an adverse impact on the job opportunities of the native workers whose skills resemble those of the immigrants. Immigrants can also make an important contribution to the receiving country. To assess the net economic impact of immigration, it must be calculated the magnitude of these contributions (Ehrenberg and Smith, 2009:340-342; Borjas, 2008:193-195; McConnell et al., 2003:287-293; Borjas, 1995:3-22; Borjas, 1994:1667-1717).

Consider the short-run supply-demand analysis presented in Figure 4. The supply curve of labor is given by S and the demand curve for labor is given by D . For simplicity, we assume that the labor supply curve is inelastic, so that there are N native-born workers. Competitive market equilibrium implies that the N native workers are employed at a wage of W_0 .

The labor demand curve is given by the value of marginal product schedule, so that each point on the demand curve tells us the contribution of the last worker hired. As a result, the area under the demand curve gives the total product of all workers hired. Hence, the area in trapezoid $ABNO$ measures the value of national income prior to immigration.

What happens to national income when immigrants enter the country? If we assume that immigrants and natives are perfect substitutes in production, the supply curve shifts to S' and the market wage falls to W_1 . National income is now given by the area in the trapezoid $ACMO$. The figure shows that the total wage bill paid to immigrants is given by the area in the rectangle $FCMN$, so that the increase in national income accruing to natives is given by the area in the triangle BCF . This triangle is the *immigration surplus* and measures the increase in national income that occurs as a result of immigration and that accrues to natives.

Why does an immigration surplus arise? Because the market wage equals the productivity of the last immigrant hired. As a result, immigrants increase national income by more than what it costs to employ them.

The analysis in Figure 4 implies that if the demand curve is perfectly elastic (so that immigrants had no impact on the native wage rate), immigrants would be paid their entire value of marginal product and natives would gain nothing from immigration. Therefore, the immigration surplus exists only if native wage rates fall when immigrants enter the country. Therefore, immigration redistributes income from labor to capital. In terms of Figure 3, native workers lose the area in the rectangle W_0BFW_1 , and this quantity plus the immigration surplus accrue to employers. Although native workers get a lower wage, these losses are more than offset by the increase in income accruing to native-owned firms.

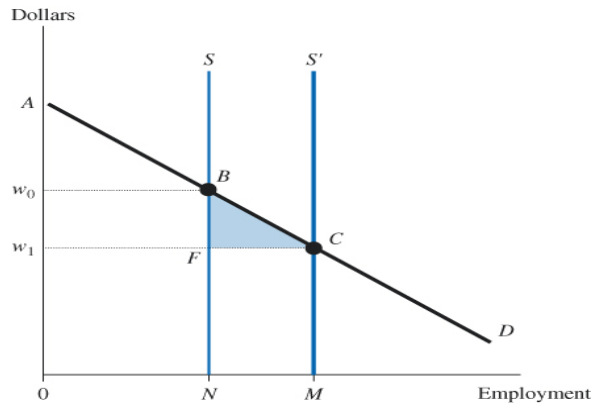


Figure4: *The Immigration Surplus*

How to calculate immigration surplus? Recall that the formula for the area of the triangle is one-half times the base times the height. *Figure 4* then implies that the value of the immigration surplus is given by

$$\text{Immigration surplus} = \frac{1}{2} \times (W_0 - W_1) \times (M - N)$$

This formula can be rewritten so as to obtain the immigration surplus as a fraction of national income. After rearranging the term in the equation, we get

$$\frac{\text{Immigration surplus}}{\text{National Income}} = \frac{1}{2} \times (\% \text{ change in native wage rate}) \times (\% \text{ change in employment}) \times (\% \text{ labor's share of national income})$$

Where labor's share of national income is the fraction of national income that accrues to workers¹.

¹ For example, immigrants have increased labor supply by about 10 percent in the United States. A 10 percent immigrant-induced increase in supply lowers the wage by about 3 to 4 percent. Finally, it is well known that labor's share of national income is on the order of 0.7. This implies that immigration increases the real income of natives by only about 0.13 percent (or $0.5 \times 0.035 \times 0.10 \times 0.7$). The gross domestic product (GDP) of the United States is around \$12 trillion, so the economic gains from immigration are about \$15 billion per year (Borjas, 1995, 3-22).

This estimate of the immigration surplus is a short-run estimate. In the long run, neither the rate of return to capital nor the wage is affected by immigration. As a result, the long-run immigration surplus must be equal to zero. Immigrants increase GDP in the long run, but the entire increase in national income is paid to immigrants for their services. Ironically, in a constant-returns-to-scale economy, the economic benefits from immigration can only arise when workers in the receiving country are hurt by immigration. Equally important, the larger the adverse wage effects, the greater the economic benefits (Borjas, 2008:195-196).

3. Emigration from Albania to the EU: A Survey of Theoretical and Empirical Literature

(a) A brief historical background of Albanian migration

As widely documented in previous studies (Carletto *et al.* 2004; INSTAT 2004; King *et al.* 2005; King and Vullnetari 2003), Albania is a country on the move, with massive levels of both internal and international migration (Azzari and Carletto 2009: 2-3). When the communist government eventually fell, the end of the controls on internal and external migration and the collapse of the centrally planned economy unleashed a demographic shift at an unprecedented pace, as individuals and entire households started migrating to the cities or leaving the country altogether. By many accounts, within a decade the number of Albanians abroad swelled to at least 600,000 individuals (King and Vullnetari 2003) or as high as 800,000 (Barjaba 2000). More recent estimates increase the figure to over 1 million (Government of Albania 2005).

After the collapsing of communist system, migration flows can be broken down into the 1991-1992 stream, which was wholly uncontrolled, when approximately 300,000 Albanians left the country; the 1992-1996 stream, when a similar number migrated, most illegally, despite the temporary improvement of the economy and better border controls; and the 1996-1997 stream, immediately after the collapse of various pyramid schemes, which wiped out the savings of hundreds of thousands of people. In the national unrest that followed, a combination of unemployment, poverty, and economic hardships led to the migration of around 70,000 people within a few months. Finally, since 1998, a gradual improvement in economic, political, and social conditions and favorable immigration policies in two key receiving countries, Greece and Italy, have increased legal migration and reduced illegal flows (Barjaba, 2004; Vullnetari, 2007).

**(b)The size and structure of current immigration flows from Albania to the EU:
Related data**

Albanian contemporary migration is taking place under very different circumstances than the other sending countries of migration. In particular, its massive concentration over a short period of time as the country moved almost overnight from total closure to large-scale out-migration, marks Albanian migration as a significant and unique case. Albanian migration movement described as 'a new migration order' and a 'laboratory for the study of migration and development'. Taking into account these circumstances and special features, post-1990 Albanian emigration is a 'new' type of international migration.

Based on research and studies carried out throughout the first post communist decade, Barjaba first suggested an 'Albanian model' of emigration in 2000. This model has the following features: it is *intense* (a rate of emigration much higher than any other Eastern bloc country); it is largely *economically driven* – a form of '*survival migration*'; it has a *high degree of irregularity*, with many undocumented migrants; it displays lots of *to-and-fro movement*, especially with Greece; and it is *dynamic and rapidly evolving*, especially as regards new destinations and routes of migration (Vullnetari 2007: 40).

By the present day, approximately 25 percent of the total population, or over 35 percent of the labor force, has emigrated. The country has approximately 900,000 emigrants, now residing mainly in Greece (600,000), Italy (200,000), and most of the remainder in other Western European countries, the US, and Canada. Albania's migration flow has, since the early 1990s, been five times higher than the average migration flow in developing countries.

In 2000 the Albanian Department of Emigration within the Albanian Ministry of Labour and Social Affairs estimated that, by 1999, there were 800,000 Albanians living abroad (Barjaba 2000). The majority of them, 500,000, were in Greece, 200,000 were in Italy, and the remaining 100,000 in other European countries and in North America. These figures combined documented and an estimate of undocumented migrants: in Italy documented migrants were in the majority; in Greece, until recently, most Albanians were undocumented. Some of the figures presented were likely to be underestimates, given the mobility of Albanian migrants, especially within Europe, and the rapid evolution of new migration channels and routes in recent years. Although it is not clear how these estimates were calculated, they are the most cited that apply to this period (1990-99), and they have remained largely unchallenged.

A second and – in a sense – more reliable source of data on emigration was provided by the results of the 2001 Albanian Census (INSTAT 2002). The Census revealed an estimated net loss due to emigration of more than 600,000 between

1989-2001, calculated by the census residual method (calculating net emigration as the residual of inter-censal population change, minus the net difference between births and deaths). This figure, however, excluded short-term migration of less than one year's duration, and thus, much emigration to Greece, which is temporary.

Country	1999	2005
Greece	500,000	600,000
Italy	200,000	250,000
USA	12,000	150,000
UK	5,000	50,000
Germany	12,000	15,000
Canada	5,000	11,500
Belgium	2,500	5,000
Turkey	1,000	5,000
France	2,000	2,000
Austria	2,000	2,000
Switzerland	1,000	1,500
Netherlands	?	1,000
TOTAL	742,500	1,093,000

More recently, the Government of Albania has published revised estimates, which put the number of Albanians abroad at over one million by 2005 (Government of Albania 2005: 36). Although, it is not clear what the sources were or the methods used to arrive at these estimates, there is reason to believe that the figures for the main countries such as Greece and Italy are very probable.

<i>Individual characteristics</i> % of	<i>non-migrants</i>	<i>migrants</i>
females	0.69	0.35
age	36.6	31.5
years of schooling	9.8	10.1
<i>Education levels</i>		
adult years of education max	9.23	8.36

adult years of education

11.08

10.12

Table 1: Estimates of Albanians living abroad

Source: Barjaba (2000) and Government of Albania (2005).

The data in *table 1* show a clear increase of 350,000 in the number of Albanians living abroad between 1999 and 2005. It might be the case that they emigrated during these years, but not necessarily. Not knowing how these figures have been calculated makes it difficult to draw such conclusions. One thing is for certain: they and the document they appeared in – the National Strategy on Migration – indicate an increased awareness on the side of the Government of Albania about the issue of emigration. Besides an increase in numbers, these figures also indicate a shift in the relative importance of various destination countries. Although Greece and Italy remain the main receiving countries, other destinations such as the USA, the UK and Canada have become attractive to an increasing number of Albanian emigrants. (Vullnetari, 2007: 35-36). The flows of (current) migrants have fluctuated considerably, more than doubling in the aftermath of the collapse of the notorious pyramid scheme in 1997, peaking in 2000 at about 50,000 new migrants per year, and steadily decreasing after that (Azzarri and Carletto 2009: 4).

The potential for migration from Albania remains high due to such push factors as unemployment and poverty. Around 30 percent of Albanians are currently below the poverty line, and half of them live in extreme poverty, subsisting on less than \$1 per day. The unemployment rate remains high, despite a recent slow decline. In addition, illnesses are a major concern and access to medical care is scarce, especially in rural areas. Four out five poor people live in rural areas, and the poverty rate among young people is higher than average. Approximately 40 percent of the poor live in larger and younger households. These mostly economic hardships have at different points combined with episodes of political instability to boost migration flows. This was especially true in the period 1997-1998, when labor migration was coupled with forced migration (Barjaba 2004).

Table 2 gives further evidence on some of the contrasts already noted, and introduces new variables into the analysis. Permanent migrants are generally younger, male and slightly more educated than the average adult left behind. They are also more likely to come from female- and single-headed households. As expected, migrants come from larger households (in 1990) which, largely as a result of migration, are now significantly smaller. Similarly, households with migrants are on average less educated, partly as a result of the migration of the more educated members in the household. Also, migrant households are significantly older, following the migration of the younger members in the family. Finally, households with a migrant are also wealthier, as illustrated by the different poverty indicators, although clearly the causality direction is ambiguous.

As of education levels of Albanian migrants, the larger numbers of less educated individuals are migrating in recent years. Interestingly, female migrants are on average more educated than men, particularly in the 1990s; the gap narrows somewhat after 2000. The breakdown of the education trends by main destination and place of origin of the migrants reveals some interesting differences. The general downward trend in educational levels does not concern the flow of permanent migrants moving from Tirana and going to destinations beyond Greece and Italy. For this particular group of migrants only, educational levels of migrants have remained stable over the years, at levels significantly above the rest going to Greece and Italy, and originating from other parts of Albania (Azzarri and Carletto 2009: 8-9).

Table 2: Characteristics and education levels of permanent migrants

	<i>non-migrants</i>	<i>migrants</i>
<i>Individual characteristics %</i>		
of females	0.69	0.35
age	36.6	31.5
years of schooling	9.8	10.1
<i>Education levels</i>		
adult years of education max	9.23	8.36
adult years of education	11.08	10.12

Source: Azzarri and Carletto 2009.

(c)Evaluation of potential immigration impact on the labor market in the EU: wages and employment levels

According to the theories of migration which we argued above, a major incentive to migrate is a real income or wage differentials between regions or countries. It has been clearly said that there are very important wage differentials between Albania and its neighbor EU countries of Greece and Italy. Average real wages in Albania are low and highly attractive to migrate to high real wage levels of EU countries. Also, we have to point out that the economic impact of immigration on wages and employment levels will obviously differ with the skill level of migrants. If migrants mainly are unskilled and native workers mainly skilled, like in the case of emigration from Albania to the EU especially Greece and Italy, we can say that native and immigrant workers in the production are not substitutes. According to the data which show much of Albanian migrants are unskilled, we can easily say that Albania and the EU workers are complements. In other words, Albanian immigrant workers and native the EU workers have not the same types of skills and are not competing for the same types of jobs because of Albanian immigrants workers are mainly unskilled or lower skilled while the EU native workers are mainly high or upper skilled.

As we mentioned above, Albanian immigrants and the EU native workers are complement in production, an increase in the number of Albanian immigrants raises the marginal product of the EU natives, shifting up the demand curve for the EU native-born workers. This increase in the EU native productivity raises the EU native wages. Moreover, some EU natives who previously did not find it profitable to work now see the higher wage rate as an additional incentive to enter the labor market, and the EU native employment also rises. On the other hand, the migration of highly skilled workers cannot be regarded as an unwanted phenomenon for Europe, while Albania could face a significant loss of efficiency or human capital.

In this subject, we can only state that because of Albanian and the EU workers are complements, so the impact of immigration on wages and employment condition in the EU labor market will be same direction. An increase in the number of immigrants raises the marginal product of natives, shifting up the demand curve for native-born workers. This increase in native productivity raises the native wage. On the other words, the potential size of migration from Albania to the EU labor market especially to Greece and Italy will increase the wages of native workers in the EU and also, some natives who previously did not find it profitable to work now see the higher wage rate as an additional incentive to enter the labor market, and native employment will rise.

4. Conclusion

EU state policies that affect Albanian migration are currently mainly inspired by a philosophy of stopping, controlling, and reducing migration flows, as opposed to favoring and liberalizing channels of legal migration. These policies are feeding a legal and institutional asymmetry in the global migration system, since they have resulted in an increase in illegal channels and flows of migration. In sending countries such as Albania, labor migration is considered an economic and social phenomenon, while in receiving countries it is considered a risk to public safety. Due to the EU's increasingly restrictionist policies, the flow of regular immigrants from Albania to Italy and Greece is currently declining (Barjaba 2004).

The effect of migration on wages and employment levels could differ with the skill levels of the migrants and labor demand in the EU, especially in receiving countries of Greece and Italy. Theoretically, if migrants mainly are unskilled and native workers mainly skilled, like in the case of emigration from Albania to the EU Member States, we can say easily Albanian and the EU workers are complements. So, an increase in the number of Albanian immigrants raises the marginal product of the EU natives, shifting up the demand curve for the EU native-born workers. This increase in the EU native productivity raises the EU native wages. Moreover, some EU natives who previously did not find it profitable to work now see the higher wage rate as an additional incentive to enter the labor market, and the EU native employment also rises.

On the other side, it is very difficult empirically to forecast the level as well as the structure of this additional migration after accession. The literature on this issue does not agree on the size of the potential immigrants from Albania to the EU labor market. Although, it is not clear what the sources were or the methods used to arrive at these estimates, there is reason to believe that the figures for the main countries such as Greece and Italy are very probable. According to the historical background size of the Albanian migrants to the especially Greece and Italy the size of migration after accession is estimated between 600 thousands and 1.1 million. Such migration could contribute to mitigating the possible reduction of the growth potential of the EU due to its ageing population. There are perceptions that a possible substantial and uncontrolled increase in migration to the EU could lead to serious disturbances in the labor markets of some of the present EU States especially in Greece and Italy. In addition to the general conditions for economic growth and employment, the actual migration flows are influenced by pull factors such as wage differentials between Albania and the receiving countries but also by push factors, such as the labor market situation in Albania itself.

As a result, considering this number of potential migrants, we can easily say that the public fears concerning the occupation of the European labor markets especially in Greece and Italy by the Albanian immigrants seems to be exaggerated. We can clearly state that estimations show the potential number or size of migration after possible accession of Albania to the EU. Unfortunately, these estimations do not show the impact of this potential size of migrants on the EU labor market like especially the effects of immigration on wages and employment opportunities. Up to now in literature we do not have any empirical study or result which gives the impact of this size of potential migration on wages or employment opportunities of native workers in the EU labor market.

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