

# **Albanian Emigration: Causes and Consequences**

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**Abstract:** Survey evidence establishes the magnitude and determinants of emigration from Albania during the first years of transition. By 1996, between 300,000 and 400,000 Albanians were working abroad. These tended to be young men from large, low-income, rural families and sent more than \$800 million back to Albania in remittances in 1996. These remittances increased consumption and living standards and were, along with human capital acquired abroad, important in private sector development. They also had an income effect that served to reduce unemployment in Albania by reducing female labor supply.

**JEL Codes:** P2, J61, R23

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## **I. Introduction**

The abandonment of Albania's policy of isolation from the rest of the world in the early 1990s resulted in a flood of emigrants leaving the poorest country in Europe. The International Monetary Fund (IMF, 1997) reported that: "The turbulent economic and political climate in the aftermath of the demise of communism fueled mass migration; an estimated 15- 20 percent of the labor force fled the country, mostly to neighboring Greece and Italy. Remittances from these sources continue to be the largest single source of foreign exchange inflows (about 13 percent of the GDP in 1995)." The size of emigration and remittances make Albania unique among Eastern European countries.

We provide empirical evidence on the fundamental questions of Albanian emigration: who emigrated and what impact did these emigrants have on the Albanian economy? Our analysis is based on a household survey conducted in the summer of 1996.

## **II. The Survey**

The survey covered a representative national sample of 1000 households.<sup>1</sup> We inquired about the demographic characteristics and employment status of all household members, family income, remittances (if any) received from abroad, and desire to emigrate. If anybody from the family was currently or had in the past been working abroad, we collected data on the flows of migrants, their destinations, legal status, employment status, as well as their financial contributions to their families.<sup>2</sup>

One adult member of each household was interviewed in person by a student from Tirana University. Respondents received a payment of \$1 US, half the prevailing average daily wage in Albania. If no response was obtained the first time, a second attempt was made. Of the 1000 selected households, 972 responses were obtained. The number of households interviewed in each of Albania's 26 major administrative districts was based on the ratio of that district's population to the total number of households in Albania. In each district one administrative unit (city, town or village) was randomly selected and the pre-determined number of households was

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<sup>1</sup>This sample is relatively large given that the total number of households in the 1989 Albanian census was 675,456.

<sup>2</sup>More details on the survey, as well as the survey instrument itself, are in Konica (1999).

randomly selected from a list of household heads obtained from the local electricity office.<sup>3</sup>

Sample statistics differ from population benchmarks for two variables. Unemployment (and the size of the labor force) is higher than in official statistics (9.9 percent of the population, giving an unemployment rate of 22.5 percent, versus an official rate of 14.8 percent) because the official rate is based on registry figures while ours is based on actual household responses. We also show a greater share of the population living in urban areas (47 percent) than official statistics (40 percent) due to population movement into cities, especially Tirana, during the transition.

### **III. Characteristics of Emigrants**

Since 1991 Albania has experienced massive outflows of its work force. Various sources claim that by the mid-1990s more than 20 percent of the Albanian labor force was working in Greece and Italy, mostly illegally.<sup>4</sup> Forty-six percent of Albanian households in our survey had at least one member working abroad at some point during the period July 1990-July 1996. At the time of the interview in the summer of 1996, 29 percent of all households had at least one member working abroad. The extent of emigration markedly different from other transition economies where, in general, less than one percent of the labor force left for the West following the collapse of communism.

Table 1 and Figure 1 contain annual estimates of the number of Albanian emigrants. Our survey estimates are reasonably close to those from the IMF, especially given that our estimates do not include emigration by entire families who left no close relatives behind in Albania. They are, however, lower than those from the Greek Ministry of Foreign Affairs, which probably include ethnic Albanians from Kosovo and Macedonia. We estimate the total outflow of emigrants from Albania between 1990 and 1996 to be more than 750,000.<sup>5</sup> Since return migration, both voluntary and involuntary, has also been common, however, we estimate the accumulated stock of emigrants in 1996 at between 300,000 and 400,000. This constitutes about 20 percent of the Albanian labor force or around 10 percent

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<sup>3</sup>All households in Albania are provided with electricity service from a single state provider. In order to control regular payments of the household electricity bills, all households from a given location are registered in the local electricity office.

<sup>4</sup>See, IMF (1997) and the Greek Ministry of Foreign Affairs, cited in Haderi et. al., (1999).

<sup>5</sup>Double-counting those who emigrated, returned and emigrated again.

of the total Albanian population of 3.2 million. Table 1 also shows that Greece and Italy were by far the largest recipients of these emigrants. Between 1990 and 1996, over 70 percent of Albanian emigrants went to Greece and more than 15 percent to Italy.<sup>6</sup> The next most common destinations were the U.S. (4 percent) and Germany (2.5 percent).

Among our survey respondents, 82 percent of emigrants to both Greece and Italy were illegal at the time of emigration, having either no visa or a false visa. By way of contrast only 23 percent of emigrants to other countries were illegal. Among those currently abroad in mid-1996, 62 percent of those in Greece, 47 percent of those in Italy and 13 percent of those in other countries were currently illegal. This difference reflects both ex-post changes of status among emigrants who entered their destination illegally<sup>7</sup> and differential rates of return among legal and illegal emigrants.

As can be seen in Table 2, 61 percent of Albanians who left the country since 1990 had returned home by the summer of 1996. Among those who returned, about half were sent back by authorities in the destination country and half opted to return voluntarily. Voluntary returnees were slightly more common among emigrants to Greece than other countries, probably reflecting seasonal emigration for agricultural work. On the other hand, Greek authorities returned a substantially higher fraction of arriving Albanians than authorities in other countries. Table 2 also shows that voluntary returnees stayed abroad approximately twice as long as those forced to return to Albania. Migrants who returned voluntarily from or who were still abroad in Greece tended to have shorter durations than those to other countries, reflecting the lower costs of back-and-forth migration across a common land border. Families of those currently abroad were asked how long their members intended to reside abroad before returning to Albania. One quarter said the emigration was planned to be permanent, 58 percent for a long time period (generally three years or more) and the remainder for a short interval.

In order to assess the size of potential future emigration, we asked whether any current member of the households interviewed desired to emigrate and what had prevented them from doing so. Another 20 percent of the

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<sup>6</sup>This destination incidence is almost identical to that reported by Kule et. al. (2002) in a survey from 1998.

<sup>7</sup>Typically through acquiring refugee status or marrying a native. Four and a half percent of the sample abroad at the time of interviewing who were not married when they left Albania had subsequently married nationals of their destination country.

Albanian labor force reported that they would emigrate if they could do so legally. A few additional respondents stated that they would like to emigrate but had not for family reasons, primarily the responsibility of caring for elderly parents or infant children.

#### **IV. Determinants of Emigration**

Although the decision to migrate is based on numerous economic, psychological, social and political factors, economists have focused on wage and unemployment differentials. For risk-averse workers, destination employment probabilities may be a more important determinant of migration than wage rates, at least in the short run (see Treyz, 1993 and Hatton, 1995).

Borjas (1991) and Molle and van Mourik (1989) point out the importance of political and psychological factors in the home countries as determinants of migration. UN/ECE (1995) claims that cultural and other noneconomic factors appear to be acting as powerful barriers to emigration from the former Soviet republics to western Europe or North America despite vast wage and unemployment differences. While official unemployment rates in Albania, Greece and Italy tended to be similar for much of the 1990s, wage differences were vast. In 1996 purchasing power parity adjusted monthly earnings of full-time workers were approximately \$200 in Albania as compared to over \$1800 in Greece and \$2600 in Italy. These massive differences, combined with the geographical nearness of Greece and Italy, relatively lax border controls and a knowledge of Italian among most Albanians, have obviously overcome psychological barriers to create the vast migration flows documented above.

We turn now to an investigation of which Albanians have joined this flow. Table 3 compares the characteristics of Albanians reported to be residing abroad in our survey, and those either currently or desiring to live abroad, with those remaining in Albania. They indicate that emigrants are differentially likely to be young, male, single, and high school graduates (although somewhat less likely to have university degrees) than the general population.<sup>8</sup> In addition to lack of family ties and longer time horizons, the propensity for young migrants can be explained by higher unemployment rates among young workers in post-transition Albania. Unlike male emigrants, female emigrants are more likely to be married and to emigrate with their partners.

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<sup>8</sup>These percentages are similar to a survey of mostly legal immigrants themselves reported by Gedeshi (2002).

Table 4 focuses on households in Albania and compares those with one or more members abroad to all households. Emigrants are disproportionately from rural areas, and from relatively large, lower income families. This may be due to the fact that the communities located near the Greek border are primarily agricultural and provide a ready source of labor for Greek farms. Urban residents, on the other hand, face more difficulties in traveling abroad and in finding work, and tend to be more common among those who desire to but have not yet emigrated. The result with respect to income<sup>9</sup> needs to be interpreted with caution. It is unclear whether lower-income households are more likely to send their members abroad, or whether households with a member abroad have lost part (perhaps the best part) of their potential earners. Religious community does not appear to be linked to emigration.

Of course, the results in Tables 3 and 4 do not hold other factors constant in examining each relationship. Table 5 reports the results of three probit estimates of emigrant status. The sample is all household members in our survey over age 15. The first equation estimates the probability of currently residing abroad while the second estimates the probability of either currently residing abroad or desiring to emigrate. Finally we assume that actual emigration status reflects intensity of desire and divide the sample into three groups, those who are neither emigrants nor desiring of emigration, potential emigrants, and actual emigrants and, therefore, estimate an ordered probit model.

The results in Table 5 confirm the partial results in Tables 3 and 4 that Albanian emigrants are more likely to be of working age,<sup>10</sup> single males,<sup>11</sup> hold a high school degree, and be from a large and low-income family.<sup>12</sup> The greater propensity for emigrants to be from rural areas disappears once the larger family sizes and lower incomes in these areas are controlled for. Albanians in the West and South of the country are more likely to be emigrants than people from the Northeast, reflecting their closer proximity to the main destination countries and, perhaps, differences in cultural and family backgrounds.

As noted above, however, many more Albanians would like to emigrate but have not yet moved abroad.

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<sup>9</sup>Defined as income earned domestically, thus, excluding remittances.

<sup>10</sup>The highest propensity to be an emigrant is found among those between 30 and 35.

<sup>11</sup>Among women, married women are more likely to emigrate than single women, probably due to tied migration with their husbands.

<sup>12</sup>The income results differ from those in Papapanagos and Sanfey (2001) where there appears to be little relation between the intention of Albanians to leave the country and their income level. Income inequality increased greatly, however, between their 1992 data and our 1996 survey.

Our next set of results considers all respondents who have either emigrated or said that they would like to emigrate. Once the desire to emigrate is included, university graduates are as likely as high school graduates to be among the emigrant pool. It is likely that the higher unrealized desire to emigrate among university graduates reflects their desire for employment that uses their training and, therefore, requires legal status and a difficult-to-obtain visa. The pool of potential emigrants is also, not surprisingly, younger than those who have actually emigrated. Less expected is that regional differences remain strong, indicating that these may be based on differential desires rather than ease of access. Ordered probit results in the final column of the table are fully consistent with those discussed so far.

In sum, migration decisions of Albanians in the early transition appear to be economically rational, reflecting both the differential rewards of working abroad and the relative cost differences across potential migrants. We turn now to the impact of this migration flow on those left behind and the Albanian economy in general.

## **V. Magnitude of Remittances**

The household survey data indicates that a large proportion of Albanian households received remittances during the first half of 1996, both in cash and in kind and from household as well as non-household members. Almost 46 percent of all Albanian households and 86 percent of families with one or more members abroad received remittances of some kind during this six-month period. In addition to cash transfers, there were substantial remittances in kind, mainly in the form of clothing and household appliances. More than 26 percent of Albanian households and 42 percent of those with members abroad received remittances in kind.

The average monthly amount of cash remittances per family in 1996 claimed by respondents, including families that received no remittances at all, was approximately \$105. Families that had at least one emigrant member at the time of interviewing received average monthly cash remittances of over \$344. Viewed from the point of view of emigrants, average monthly cash remittances, including those from emigrants who sent nothing home in 1996 was about \$227, almost three times the Albanian average wage in 1996.

Table 7 provides various estimates of the overall importance of remittances in the Albanian economy. Multiplying the average yearly remittances of \$1250 received by households in our survey in 1996, by the estimated total number of Albanian households (675,456) implies that cash remittances entering Albania in 1996 were over

\$840 million.<sup>13</sup> Our estimates of the volume of remittances is significantly larger than that from official sources, especially considering that official estimates include, but our estimates exclude, remittances in kind. This difference suggests that a large fraction of remittances enters the country unrecorded.<sup>14</sup> It should be noted, however, that our survey took place during a year of unusually high remittances,<sup>15</sup> a fact that may reflect increased inflows of cash transfers due to the high interest offered by pyramid savings schemes which, in 1996, had not yet collapsed. As seen in Table 7, our estimates of the volume of cash remittances for 1996 was about one third of Albanian GDP. They were the largest single source of foreign exchange inflows, equal to almost four times exports, and nine times foreign direct investment.

Households used remittances for various purposes, as shown in Table 8. Twenty-two percent of remittances during 1996 were spent on food and clothing. Another 13 percent was used to buy new furniture and household appliances, while 18 percent was used to buy or build new housing units, partially easing the severe housing shortages in Albania. A further 20 percent was invested into family businesses. Thus, remittances equaling \$170 million were used in productive investments during 1996, approximately twice the level of foreign aid to, or foreign direct investments in, Albania that year.

As shown in Table 8, the highest percentage (27 percent) of total remittances during 1996 was saved by recipient. This high rate of saving was probably influenced by the high interest rates promised by the pyramid schemes prevalent at that time. Although these schemes collapsed in early 1997, it would be a mistake to assume that the remittances invested in them were lost. Indeed, the schemes collapsed because they paid early investors out of funds provided by later investors and eventually ended with no assets. Thus, remittance monies invested in pyramid schemes would have been paid out to early investors and used for consumption or business formation.

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<sup>13</sup>An alternative estimate of the volume of remittances can be obtained by multiplying our lower and upper estimates of the number of Albanians abroad in 1996 by the average amount of yearly cash remittances sent by each emigrant. These figures of between \$780 and \$970 million are consistent with those from the household-based estimate.

<sup>14</sup>Gedeshi (2002) reports that only 19 percent of emigrants used the banking system to transfer funds home. This percentage may be biased downwards, however, by the fact that respondents were primarily legal emigrants who were interviewed during transit at ports and who, therefore, had the option of carrying funds on their persons. See also Kule et. al. (2002) for a discussion of the limited use of the banking system.

<sup>15</sup>Bank of Albania estimates of remittances in 1996 were approximately twice those in 1995 and 1997.



## VI. Determinants of Remittances

Following Funkhouser (1995), remittance behavior can be modeled by assuming that an emigrant values both his/her own utility and that of the household in the sending country in a ratio that depends on a vector of his/her individual characteristics, the household's characteristics, and his/her experience abroad. The emigrant will send the amount of remittance transfer to his family that equates the marginal utility from an increase in consumption by his family due to the remittance transfer with the marginal utility he loses from the decrease of his own consumption. In general, the higher earnings are abroad (proxied by work status and experience) and the stronger the relationship of the emigrant to the household, the higher will be the level of remittances. The existence of multiple emigrants from the same household should reduce remittances from any given emigrant. Finally, the time profile of remittances is indeterminate and depends on the relative sizes of discount factors.

Theoretically, the level of remittances could be negative, with families transferring funds to members abroad. Such reverse remittances, however, are never observed in the data. There are, instead, frequent zero values where emigrants do not send funds home. Therefore, a tobit (censored regression) model is appropriate for the structure of the data. We must also take account of the fact that emigrant status itself is not independent of remittance decisions since a desire to be able to provide remittances is perhaps the major motivation for emigration. Thus, our estimates of remittance behavior control for sample selection effects by including an inverse Mills ratio derived from the emigration probit equation reported in Table 5.

Results in Table 9 show remittances sent to households in Albania are positively related to the employment status of the emigrant, the presence of a spouse in Albania, the emigrant's legal status, as well as whether the emigrant had arranged a job in the foreign country prior to departure. The presence of other emigrants in the household, apart from the emigrant's own spouse, decreases the amount of cash remitted. The amount remitted appears to be unaffected by emigration length or the emigrant's gender.<sup>16</sup>

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<sup>16</sup>As was seen in Table 5, gender is an important determinant of emigration behavior. This is the only coefficient significantly affected by the sample selection correction. Without such a correction, female emigrants appear to send lower amounts home.

## VII. Impact of Remittances: Private Sector Development

Although Albania had absolutely no private sector under communism, by 1996 it had a higher percentage of private-sector employment than other Eastern European countries.<sup>17</sup> Cuka, et al. (2003) and Muent et. al. (2001) report that remittances were a major source of capital for business start-up and expansion. Both Kule et. al (2002) and the Albanian Center for Economic Research (1995), in independent studies, report that approximately 17 percent of the capital used to establish private businesses in the mid-1990s came from remittances from Albanians working abroad.

In our sample, members of 175 out of 972 households operated a family business. These businesses employed 231 out of 3,668 individuals in the sample. Approximately half of these businesses were in wholesale or retail trade, 11 percent in manufacturing, 10 percent in food service and the rest in a variety of other industries. We have estimated a probit equation relating the probability that an individual is involved in private business to individual as well as family characteristics including age, age squared, gender, educational level; family size, urban residence, region of residence, the presence in the household of returned emigrants, and amount of remittances in 1996.<sup>18</sup>

The results presented in Table 10 indicate that characteristics such as being middle-aged, male, having a higher level of education and being a member of a household with many adults, as expected, increase the propensity to be employed in a household business. Households located in the capital, Tirana, were, on the other hand, less likely to start private businesses, perhaps reflecting high start-up costs of acquiring property or greater competition from established enterprises. With respect to emigration effects, the presence of at least one returned emigrant in the household is a highly significant factor increasing the probability that the family owns a business. This result suggests that the human capital acquired in a market economy, embodied in returning emigrants, may play an

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<sup>17</sup>The EBRD reports private-sector share of GDP in 1996 to be 75 percent, equal to the Czech Republic and greater than all other transition economies

<sup>18</sup>We are aware that the presence of returned emigrants and the size of remittances may be endogenous to the desire to start a business and that, therefore, results should be interpreted with caution. The interpretation that the results reports are causal, rather than due to selection is, however, supported by the results not reported here that the link between being a returned emigrant and starting a business is weaker for those who returned involuntarily due to the actions of foreign authorities even though there is no reason to suppose that their decision to leave for work abroad was due to different factors than those who did not get caught.

important role in business establishment.<sup>19</sup> Remittances received in 1996 themselves are not predictors of the probability of having a family business. They may, instead, have been invested, even if ill-advisedly in pyramid schemes, awaiting the returning emigrant before businesses were started. This suggests a channel through which the link between remittances and private enterprise may work. We are unable to capture the demand-side impact on business formation due to the increased purchases of retail goods and construction activity seen in Table 8.

### **VIII - Effects of Emigration on the Albanian Labor Market**

In this section, we examine the relationship between emigration by members of a household and labor force participation of the members of that household who remain behind in Albania.<sup>20</sup> Theoretically, there are two, off-setting, effects on labor force participation of the remaining members in a household. The loss of a domestic earner in the household may lead to increased work by others. If leisure is a normal good, however, the labor force participation of the remaining members of the household may be reduced due to increased household income arising from remittances. The sizes of these two effects are determined by individual preferences for income and leisure, and may differ according to sex, and other factors. Thus, we analyze men and women separately, with results presented in Table 11

The results suggest that the labor force participation of men is not significantly affected by either the existence of emigrants from the household or the amount of remittances received. Increased remittances, however, make women significantly less likely to work. Overall, the female labor force participation rate in Albania fell from 84 percent in 1991 to 59 percent in 1996. What we know at this point is that this fall is concentrated in households with greater remittances. Further investigation will be needed to determine if it represents a labor supply response to greater remittances or if the amount of remittances is influenced by lack of employment opportunities for family members remaining at home. The fact that the association appears for women but not for men, however, strongly suggests that it is a labor supply response as does the fact that there is no link between labor supply behavior and the

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<sup>19</sup>Kule et. al. (2002) report that half of all employers surveyed say that a period of time spent working abroad makes a job applicant a more attractive potential employee due to skills acquired while an emigrant.

<sup>20</sup>In theory the analysis of supply of labor hours would also be interesting but the data revealed very little variation in this figure except for unreliable reports by the self-employed.

presence of an involuntarily returned emigrant as would be expected if emigration were motivated by lack of opportunity for, or preferences of, remaining family members.

## **IX - Summary and Conclusions**

Remittances were clearly an important factor in the Albanian economy in the years following the collapse of communism. They were the single largest source of foreign exchange, far exceeding both foreign direct investment and foreign aid.<sup>1</sup> Remittances played a significant role in maintaining standards of living in times of economic chaos. They also were significant in stimulating the development of the private sector, both by supporting demand and by providing capital for business development. The role of “remitted” human capital embodied in returning emigrants appears to have been particularly important. Finally, emigration and associated remittances served to lower unemployment rates both by removing potential workers and through reduced labor supply on the part of those receiving support from abroad.

Overall, the conclusion is that remittances from emigration have been, and will continue to be, of vital importance to Albania’s economy and its growth prospects. This raises the issue of whether assistance from the international community to the Albanian transition might better come from relaxed visa requirements to promote the flow of emigrants and remittances rather than through direct aid.

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<sup>1</sup>The impact of remittances is magnified because, unlike official aid, they go directly to Albanian citizens and are not subject to diversion to the benefit of corrupt individuals or institutions. See Murphy (1998) for a discussion of the propensity of official aid to Albania to be stolen or squandered.

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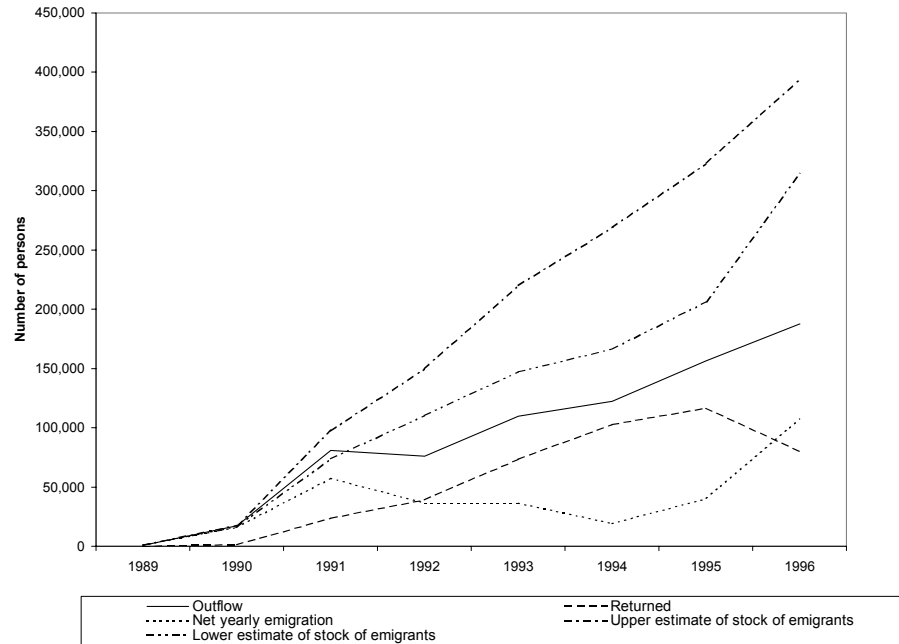
**Table 1 - Extent and Destination Albanian Emigration**

	Estimated Outflows	Estimated Returned Emigrants	Net Yearly Emigration	Stock of Emigrants <sup>b</sup>		IMF Estimates of Stock of Emigrates	Greek MoFA Estimates of Stock of Emigrates	% to Greece	% to Italy	% to Other
				Lower estimate	Upper estimate					
1989	690	0	690	690	690	na	na			
1990	17,253	1,380	15,873	16,563	17,943	na	na	48.0	8.0	44.0
1991	80,742	23,463	57,279	73,842	97,305	110,000	243,000	66.7	27.3	6.0
1992	75,911	39,335	36,576	110,418	149,753	200,000	351,000	75.5	13.6	10.9
1993	109,726	73,150	36,576	146,994	220,144	232,000	381,000	76.7	13.2	10.1
1994	122,148	102,825	19,323	166,317	269,142	295,000	353,000	74.0	18.1	7.9
1995	156,653	116,627	40,026	206,343	322,970	295,000	413,000	73.6	17.6	8.8
1996a	187,708	80,052	107,656	313,999	394,051	na	na	72.8	17.7	9.5

<sup>a</sup>Estimates for 1996 based on extrapolation of the survey results for the first half of 1996.

<sup>b</sup>The lower estimate is the accumulated stock of emigrants on December 31. The upper estimate is the number abroad at any point during a given year.

**Figure 1 - Emigration and Return Migration: 1990 and 1996**



**Table 2 - Mean Duration of Stay Abroad for Different Categories of Emigrants:  
1990-1996**

	<b>Greece</b>	<b>Italy</b>	<b>Others</b>	<b>Total</b>
<b>Returned by the police (%)</b>	36.87	9.25	8.08	29.15
<b>Mean duration of stay (in months)</b>	6.40	6.50	7.12	6.43
<b>Returned voluntarily (%)</b>	34.64	27.17	22.22	32.09
<b>Mean duration of stay (in months)</b>	11.53	14.82	15.50	12.29
<b>Still emigrants at the time of interviewing (%)</b>	28.49	63.58	69.70	38.77
<b>Mean duration of stay up to the time of interviewing (in months)</b>	19.85	26.78	29.88	23.65

**Table 3 - Characteristics of Albanian Population and Emigrants in 1996.**  
(Figures in % of Relevant Group)

	<b>Total Population</b>	<b>Emigrants</b>	<b>Either Currently an Emigrant or Would Like to Emigrate</b>
<b>Age</b>			
0-14 years	20.90	0.26	8.36
15-24	23.61	35.48	34.16
25-39	20.90	49.36	38.52
40-54 years	21.70	14.14	17.08
over 54 years	12.90	0.77	1.87
<b>Sex (among Pop. 15- 54)</b>			
Male	48.50	81.04	72.45
Female	51.50	18.96	27.55
<b>Highest level of Education (among Pop. 15 +)</b>			
	38.55	28.37	28.44
Primary school (8 years)	45.07	58.77	55.73
Secondary school (12 years)	16.38	12.89	15.83
University			
<b>Marital Status (Among Pop. 19+)</b>			
	34.10	29.41	35.04
Married male	37.44	15.78	19.04
Married female	15.87	50.80	37.13
Single male	12.59	4.01	8.78
Single female			
<b>Urban</b>	46.75	40.36	44.48
<b>Rural</b>	53.25	59.64	55.52



**Table 4 - Albanian Households with Members Now or Previously Abroad Compared to All Households**

	<b>% of total families</b>	<b>% of families with emigrants</b>
<b>Urban</b>	49.07	40.57
<b>Rural</b>	50.93	59.43
<b>Family size</b>		
<b>1-2 persons</b>	3.70	1.42
<b>3-4 persons</b>	44.69	32.74
<b>4-6 persons</b>	40.12	48.04
<b>over 6 persons</b>	11.21	17.79
<b>Family Income</b>		
<b>1 - the lowest</b>	32.72	45.20
<b>2</b>	27.78	30.25
<b>3</b>	21.30	13.17
<b>4</b>	7.72	5.69
<b>5</b>	3.91	2.85
<b>6- the highest</b>	6.58	2.85
<b>Religion</b>		
<b>Muslims</b>	67.49	67.62
<b>Orthodox</b>	23.87	22.78
<b>Catholics</b>	8.64	9.61

**Table 5 - Probit Estimates for Emigrant Status: Population aged over 14**

	Emigrant		Currently an Emigrant or Desires to Emigrate		Ordered Probit
	Coeff.	dP/dX	Coeff.	dP/dX	Coeff.
<b>Intercept</b>	-3.503** (.367)		-1.395** (.247)		1.649 (.235) 2.491 (.237)
<b>Age</b>	.173** (.022)	.014	.099** (.015)	.027	.112** (.014)
<b>Age<sup>2</sup>/100</b>	-.263** (.031)	-.021	-.170** (.019)	-.047	-.186** (.018)
<b>Female</b>	-1.389** (.122)	-.133	-1.238** (.079)	-.337	-1.264** (.075)
<b>Married x male</b>	-.614** (.109)	-.041	-.321** (.095)	-.083	-.416** (.086)
<b>Married x female</b>	.288* (.143)	.025	.202* (.099)	.057	.191* (.095)
<b>Secondary school</b>	.183* (.076)	.015	.277** (.059)	.077	.257** (.055)
<b>University</b>	.055 (.108)	.004	.204* (.081)	.059	.164* (.077)
<b>High Income HH (above 3<sup>rd</sup> categ.)</b>	-.273** (.095)	-.019	-.267** (.068)	-.068	-.260** (.065)
<b>Big HH (over 4 persons)</b>	.231** (.068)	.017	-.039 (.051)	-.010	.034 (.048)
<b>Urban</b>	-.009 (.076)	-.0007	-.117* (.059)	-.032	-.077 (.055)
<b>West</b>	.236* (.109)	.018	.346** (.085)	.092	.310** (.079)
<b>South</b>	.440** (.108)	.043	.398** (.085)	.118	.415** (.079)
<b>Log likelihood</b>	-974.88		-1715.07		-2365.3464
<b>Pseudo R<sup>2</sup></b>	0.2127		0.2125		0.1730

Number of observations is 3668. Standard errors are in parentheses.

\* denotes estimate significantly different from 0 at 5% level,

\*\* denotes estimate significantly different from 0 at 1% level

**Table 6 - Extent of Remittances from Albanian Enigrants**

<b>Households receiving remittances in 1996</b>	<b>Fraction of All Households</b>	<b>Fraction of Households with Emigrants</b>
<b>Cash from household members</b>	27.37	77.94
<b>Cash from non household members</b>	9.77	4.63
<b>In kind (food, clothing, etc.)</b>	26.13	42.35
<b>Total (in one or more forms)</b>	45.78	86.12

**Table 7 - Remittances in the Context of the Albanian Economy (millions of US dollars)**

	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
<b>GDP</b>	1141	710	1241	1984	2384	2556
<b>Current Account</b>	-249	-434	-365	-284	-181	-249
<b>Trade Balance</b>	-208	-454	-490	-460	-474	-692
<b>Exports</b>	73	70	112	141	205	229
<b>Imports</b>	281	524	602	601	679	921
<b>FDI</b>	8	32	45	65	89	97
<b>Donations</b>	38	307	280	153	177	91
<b>Remittances<sup>a</sup></b>	na	150	275	379	385	611
<b>Remittances<sup>b</sup></b>	na	148	230	264	300	425
<b>Remittances<sup>c</sup></b>						845.8

**Sources:**

EBRD Transition Report Update, April 1998, except for:

Donations: Information and Legal Support Unit. Ministry of Finance. Albania.

Remittances:

<sup>a</sup>Bank of Albania, Quarterly Statistical Bulletin, various issues.

<sup>b</sup>IMF (1997) and IMF (1998).

<sup>c</sup>Our survey

**Table 8 - Use of Remittances in 1996**

	<b>Share of Total Remittances</b>	<b>Yearly Average* per HH (in US \$)</b>	<b>Volume in 1996 (Millions of US\$)</b>
<b>Food and clothing</b>	22.5	281.8	190.3
<b>Household appliances and furniture</b>	12.5	156.1	105.7
<b>Housing</b>	17.7	221.2	149.7
<b>Savings</b>	27.2	341.2	230.0
<b>Investment in businesses</b>	20.1	251.8	170.0
<b>Total</b>	100.0	1252.2	845.8

\*Yearly average of cash remittances per household is for all Albanian households, including those that received no remittances.

**Table 9 - Determinants of Remittance Behaviour**

	<b>Amount Sent (\$/Month) - Tobit</b>
<b>Intercept</b>	-116.837 (397.912)
<b>Working</b>	431.575** (137.641)
<b>Female</b>	-127.911 (127.650)
<b>Age</b>	11.907** (4.543)
<b>Left Spouse</b>	311.307** (107.666)
<b>Immediate Relative of Household Head</b>	59.408 (135.699)
<b>Had a Job Prior to Departure</b>	249.700** (74.134)
<b>Legal Immigrant</b>	187.523* (74.294)
<b>Months Since Emigration</b>	-3.198 (5.787)
<b>Months Since Emigration<sup>2</sup>/100</b>	2.324 (8.144)
<b>Other Emigrants from Household</b>	-177.663* (74.396)
<b>South</b>	100.191 (72.763)
<b>Inverse Mills Ratio</b>	1392.299* (592.514)
<b>Log likelihood</b>	-1849.759
<b>N</b>	381

Standard errors in parentheses.

\* denotes estimate significantly different from 0 at 5% level,

\*\* denotes estimate significantly different from 0 at 1% level

**Table 10 - Probit Estimates for Being Employed in a Household Business  
(Population over age 14)**

	<b>Coefficient</b>	<b>dP/dX</b>
<b>Intercept</b>	-4.493** (.423)	
<b>Age</b>	.133** (.020)	.008
<b>Age2/100</b>	-.160** (.026)	-.009
<b>Female</b>	-.532** (.082)	-.033
<b>Secondary School</b>	.313** (.103)	.019
<b>University</b>	.473** (.121)	.039
<b>Number of adults in the HH</b>	.067** (.027)	.004
<b>HH with Returned Emigrants</b>	.321** (.089)	.023
<b>HH Receiving Remittances</b>	-.184 (.097)	-.010
<b>Monthly Amount of Remittances (USD)/1000</b>	.062 (.091)	.003
<b>Urban</b>	.146 (.088)	.008
<b>Tirana</b>	-.246* (.117)	-.012
<b>Log likelihood</b>	-616.024	
<b>Pseudo R2</b>	0.1240	
<b>N</b>	3668	

Standard errors are in parentheses.

\* denotes estimate significantly different from 0 at 5% level,

\*\* denotes estimate significantly different from 0 at 1% level

**Table 11 - Probit Estimates for Labor Force Participation**

<b>Working or Looking for job</b>	<b>Females 15-55</b>		<b>Males 15-60</b>	
	<b>Coefficient</b>	<b>dP/dX</b>	<b>Coefficient</b>	<b>dP/dX</b>
<b>Intercept</b>	-6.504** (.383)		-7.166** (.434)	
<b>Age</b>	.446** (.026)	.152	.480** (.029)	.108
<b>Age2/100</b>	-.615** (.038)	-.209	-.623** (.039)	-.140
<b>Education</b>				
<b>Secondary school</b>	.189* (.091)	.064	-.096 (.114)	-.021
<b>University</b>	1.014** (.162)	.262	.564** (.176)	.106
<b>Urban</b>	-.504** (.083)	-.171	-.127 (.101)	-.028
<b>Ratio of children to adults in HH</b>	-.240 (.127)	-.082	.420 (.295)	.094
<b>HH with at least one child</b>	.281** (.104)	.096	.051 (.148)	.011
<b>HH with business</b>	-.416** (.096)	-.150	.097 (.115)	.021
<b>HH with emigrant</b>	.016 (.093)	.005	.187 (.118)	.039
<b>Monthly Amount of Remittance(USD)/1000</b>	-.381** (.122)	-.129	.084 (.167)	.018
<b>Log likelihood</b>	-676.976		-451.779	
<b>Pseudo R2</b>	0.3149		0.3977	
<b>N</b>	1540		1332	

Standard errors are in parentheses.

\* denotes estimate significantly different from 0 at 5% level,

\*\* denotes estimate significantly different from 0 at 1% level