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**Free Movement of Workers in European Union
Eurozone and Albania**

Abstract

The Lisbon Treaty has determined definitively the concept "European Citizen", originally seen in the Maastricht Treaty, any person having the nationality of a member state, thus has gained the status of being a citizen of the EU. Although the objective of the Lisbon Treaty was ensuring of being "European Citizen", as such freedom of movement within the territory of Union, without any control, represents a goal yet to be reaching. Thus, the free movement of workers, as citizens, was established, in particular by the principle of non-discrimination, to ensure equality in treatment between persons such that nationality, sex, racial or ethnicity, religion or belief, disability, age or sexual orientation sexual. The objective of this paper is to analyze the fiscal and social frameworks of the discipline. This paper presents recent evidence and analytical work on the impact and future perspectives of demographic trends in the workforce, taking also into account education, skills and geographical mobility. It pays particular attention to the labour mobility patterns generated by the development of free mobility in Europe and similar developments in other parts of the world. Moreover free mobility had supplied a large part of recent employment growth prior to the crisis in some states of Eu. One of the most important conclusions of the paper is that free mobility is not entirely employment – based, and one reason why flows have not declined more strongly

along with labour demand is the fact that family and other components of free mobility migration may have remained at the same level or even increased during the crisis.

1. Literature review

In this paper we review the literature on migration forecasts, the different methods that are evaluated for forecasting migration to present a new approach to forecast the migration potential from the new member states (NMS) into the EU-15. There has been a large literature attempting to forecast the migration from the NMS before enlargement.

At a long-run migration potential of about 3 to 5 per cent of the population and an influx of between 200,000 and 300,000 persons, the mainstream of these forecasts is by and large consistent with the actual migration movements from the NMS-8 into the EU-15, while the migration potential from Bulgaria and Romania has been underestimated.

Moreover, these studies employed explicitly or implicitly the counterfactual assumption that all EU-15 countries will open their labour markets at the same time, such that they were not able to forecast the substantial changes in regional migration patterns which took place after EU enlargement. Most migration forecasts rely explicitly or implicitly on the assumption of the irrelevance of independent alternatives, i.e. that economic or institutional variables in third countries do not affect the scale of migration in another country. If this assumption is not valid, the estimated coefficients are biased. This is particularly relevant in the context of the EU's Eastern enlargement, since the selective application of transitional arrangements has certainly affected bilateral migration patterns. We circumvent this problem by estimating the migration potential for the EU-15 as an aggregate. As a consequence, we cannot forecast the impact of removing immigration barriers on individual destinations such as Austria and Germany. This is in our view not possible, since the selective application of immigration barriers and the subsequent diversion of migration stocks and flows has no precedent in history, such that no counterfactual evidence exists on which we can base our estimates.

Theoretical backgrounds, methodologies and data bases employed by these studies vary widely. The overwhelming share of these studies obtained nevertheless remarkably similar results. The mainstream of these studies has estimated the long-run stock of residents from the NMS at between 3 and 5 per cent of the population in the origin countries, while annual net migration flows have been predicted to be between 300,000 and 400,000 persons in the first years following enlargement, which corresponds to 0.3-0.4 per cent of the population in the countries of origin (see e.g. Alvarez-Plata et al., 2003; Boeri/Brücker, 2001; Bruder, 2003; Hille/Straubhaar, 2001; Krieger, 2003; Layard et al., 1992; Zaiceva, 2006). Some studies have, however, obtained lower (Fertig, 2001; Fertig and Schmidt, 2001; Dustmann et al., 2003; Pytlikova, 2007) and higher projections (Flaig, 2001; Sinn et al., 2001).

2. Labour mobility in the EU

In total, about 780,000 people in the EU (including EEA/EFTA) were cross-border commuters in the year 2006/2007. Commuting streams are clearly condensed in the area of Central- Western Europe. For EU-15/EEA/EFTA the total number of commuters has increased by 26% from about 490,000 in 1999/2000 to about 660,000 in 2006/2007. The main countries of destination are Switzerland (206,000), Luxembourg (127,000), Germany (86,000), the Netherlands (58,000), Austria (48,000) and Belgium (39,000), together receiving about $\frac{3}{4}$ of all EU-commuters. The main countries of origin are France (284,000),

Germany (117,000) and Belgium (78,000), providing about 60% of all outcommuters in the EU.

Although underrepresented in absolute commuting numbers, in relation to the number of employees in the border region important countries of origin are also Estonia, Belgium, Slovakia and Slovenia. Important countries of destination are Finland and Ireland and the small principalities of Monaco, Liechtenstein and Andorra. Although underrepresented in absolute commuting numbers, in relation to the number of employees in the border region important countries of origin are also Estonia, Belgium, Slovakia and Slovenia. Important countries of destination are Finland and Ireland and the small principalities of Monaco, Liechtenstein and Andorra.

Significant increases of in-commuting streams have been observed between 2000 and 2007 in Switzerland (+59,000), Luxembourg (+40,000), Austria (+34,000) and the Netherlands (+25,000). The amount of in-commuters to Germany is declining (-16,000) in the same space of time, constituting the only exception of EU-countries. Significant increases with regard to the number of out-commuters have been registered between 2000 and 2007 in France (+53,000), Germany (+46,000) and Belgium (+25,000). Although most commuting streams are still centred in the “heart” of Europe, additional lines are developing, like in the Scandinavian countries or in the Austrian border area. Commuting potentials that should be fostered in the following years mainly lie in Eastern and Southern Europe (Baltic states, the Balkans).

2.1. Low labour mobility in the between EU – 12 countries

In comparison to countries of EU-15/EEA/EFTA, constituting target regions for nearly 95% of European cross-border commuters, cross-border mobility is very low between the so-called “new member states”. This can be ascribed on the one hand to the structural weakness of border regions of formerly centralised, post-socialist countries, on the other hand to significantly lower wage differences between those countries. This situation might even intensify with the implementation of the free movement of labour, latest in 2011. Revealing in this context is the Slovak-Hungarian cross-border region, where – according to local labour market experts – the ratio of commuters to Hungary is expected to decrease, also due to the remarkable economic growth in Slovakia. Mobility in cross-border regions between “old” and “new” EU member states is notably higher, for instance from Estonia to Finland (20,000), Hungary to Austria (16,000) or Slovenia to Italy (10,000) in 2006/2007.

3. Disadvantages on the labour mobility

As the investigation of economic factors has only been partially sufficient, also legal, social and infrastructural barriers have to be considered in analysing the grounds of labour mobility. The present study develops a detailed investigation on so-called “*obstacles on mobility*” for each border region. According to this study, the biggest problems both *within the EU-15 and the EU-12* exist in:

- different languages and
- the lack of information (knowledge about responsible offices, transparency in taxation, knowledge about the acceptance of formations/graduations).

However, deficits reach the highest level *between the EU-15 and the EU-12*, with the most striking relevance in:

- restrictions on labour market regulations (e.g. working permits, transition periods),
- the insufficient (de jure and/or de facto) acceptance of qualifications,
- different tax and social security systems.

Those frictions can be traced back to structural differences in current social and legal systems, still persisting between the “old” and “new” member states. With regard to EU-15 it is caused by long lasting processes of harmonisation (by EU regulations and bilateral agreements) in the last decades, with regard to EU-12 caused by the similarity of postsocialist structures that systems seem to intertwine better internally. Infrastructural problems are very similar in most cross-border regions: cross-border public transport is often inadequate, ticket prices, tolls or border crossing fees are too expensive and high-speed-connections hardly developed or not exposed to competition. As a matter of fact the cross-border infrastructure is better between EU-15 and EU-12 member states than within EU-12 member states.

Labour market restrictions are an obstacle on cross-border mobility mainly between EU-15 and EU-12 countries. In case of Austria, Italy and Greece, labour market restrictions also push the emergence of illegal employment as shown by statistics, studies and expert assessments. An immediate abolition of transition periods could reduce the number of clandestine workers and diminish the displacement of domestic workers by an increase of legalised employment.

There is a chance that such measures will slowly diminish existing obstacles on mobility and thus create new potential for cross-border labour markets. However, the EU’s frame of actions is limited (sovereign rights in taxation and education). For the future, further integration and the breakdown of obstacles on mobility will largely depend on the member states’ willingness and the implementation of common principles in their own national administrative practice.

4. Case of Albania

Migration is perhaps the single most important political, social, and economic phenomenon in post-communist Albania, and has been a dominating fact of everyday life in the last decade.

Albania has experienced large scale movements of population from rural to urban areas. Between 1989 and 2011, the total population fell by 4 percent, to 3,069,275 and the rural population by 15 percent. Migration, whether rural to urban or international to Italy or Greece, is the most common livelihood coping strategy in the country, and serves as an important escape valve for unemployment and other economic difficulties brought on by the transition to a market economy.

Albania has a long history of emigration stretching back centuries. The earliest Albanian migrants to Italy in 1448 were soldiers provided to the King of Naples by Skanderbeg – the military commander of the Albanian Alliance of nobles and the national hero of Albania – in order to defeat an internal rebellion. From the death of Skanderbeg in 1468 until the first years of the 16th century, approximately one fourth of the total population of Albania fled their homes, as a consequence of Ottoman invasions. Beyond the two big “push” migration spikes in 1990 and 1997 caused by political, social, and economic crises, as Albania transitions to a market economy continued poverty and high unemployment serve as constant push factors for migration. Approximately 25 percent of Albanians, and 30 percent of rural Albanians, live in poverty. The public sector has, in terms of jobs, shrunk to less than one fourth its size in 1990, while the private sector has only partially compensated for the loss in state jobs. Growth in employment in agriculture reflects not growing productivity but rather refuge and

hides high levels of underemployment in rural areas. Unemployment rates have remained in double digits since 1992, and real wages only in 2011 recovered their pre-crisis level of 1995.

Poor access to basic services and dismal infrastructure also serve as a push factors, particularly in rural areas. Less than half of rural households have access to running water inside or outside their dwelling, only 40 percent have a toilet inside their dwelling, and only 14 percent of all Albanians receive electricity continuously.

Pull factors have also been important in fomenting migration. Exposure to Italian television during the communist period helped transform that country into the Shangri-La of potential Albanian migrants in the early 1990s.⁵ Beyond the allure of wealth and the Italian lifestyle projected through TV, significant wage and wealth differentials between Albania and its European Union neighbors were obvious attractions. Other factors serve to temper continued migration. Albanians (as well as other South-Eastern Europeans) are migrating in a political and economic context very different from that of earlier Southern European migrants from Italy, Greece and Spain. Large scale migration from these countries to Northern and Western Europe after WWII took place in a context of official bilateral agreements, legality and insertion into a formal, industrial “Fordist” labor sector. While discrimination certainly existed – making Italian and Greek treatment of current migrants all the more ironic – the earlier migration took place within a legal context. This migration slowed in the early 1970s as a combination of the oil shock, reversal of migration policies in receiving countries, and improving economic conditions in the sending countries (Bonifazi and Strozza, 2002; Faini and Venturini, 2001). Remittances play a very important role in the income strategy of Albanian households. On average, remittances represent 13 percent of total income among Albanian households (14 percent for non-poor, 8 percent for poor). The share is higher among urban dwellers (16 percent) compared with rural (11 percent), most likely reflecting differences in patterns of migration.

5. Conclusions

The mobility of labour has been identified as a key element for the achievement of the revised Lisbon strategy and the implementation of the European Employment Strategy.

A bad economic situation in one country is not enough to stimulate cross-border commuting towards another country. There are obstacles to mobility that hinder cross-border mobility. Only if the economic situation is much better across the border job-seekers are willing to overcome the obstacles to mobility and to start cross-border commuting. Countries with high income and low unemployment attract the highest numbers of cross-border commuters.

Social parameters like **age** and **sex** are distinguishing marks that so far for the vast majority of border regions have not been surveyed systematically and continuously for the specific group of cross-border commuters. This can be traced back on one hand to the fact that commensurate monitorings are still missing. On the other hand, for the majority of examined border regions such statistical investigations are disproportional on the grounds of (still) low numbers of commuters. Although the aforementioned variables were also gathered within the scope of the field research, exact valuations can hardly be made due to the variance of both dimensions in connection with other factors such as the economic sector or the exercised activity.