

SUSTAINABLE DEVELOPMENT AND EMIGRATION: THE
CONTEMPORARY BALKANS AND THE EUROPEAN UNION

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Since 1989, about 15% of the population of the western Balkan countries has been involved in migration – some 10 million persons. Of these, 5 million have emigrated permanently, about 3 million are “waiting to see”, and 2,5 million returned to their homes in less than a year.¹ In the case of Albania, some 20% has migrated; from Bosnia, 25% plus 25% displaced. Across Europe, there are now about one million nationals of FR Yugoslavia in mainly Germanic countries; 3-4 million Turks; 600,000 Albanians in Greece and Italy; and probably another million emigrants from Croatia, Bosnia, FYR Macedonia combined.²

The reasons for emigration from the region are many and varied, but there seem to be three major categories:

- 1) ethnic complexities and coexistence problems after the break-up of Yugoslavia. Thus, the ethnic majority is only 70% in many Balkan countries, with Serbia and Bosnia much lower
- 2) economic factors: with collapsing economies throughout the 1990s, per capita incomes became very low, unemployment very high and emigration was the only short-term solution. This was especially true for Albania, but there is still the potential from Serbia, Kosovo and Romania
- 3) political factors: notably, the “ethnic cleansing” in Bosnia and Kosovo

These causes of mass emigration from the western Balkans are important, because they indicate the sort of people who have migrated. Significantly, the “brain drain” critique of these emigrations is not so relevant, because they involved many unskilled as well as skilled workers; the costs of migration were low by going to neighbouring countries; much of the migration was illegal; the migrants actually support their home economies through remittances, which they could not do if they had remained unemployed in their home country.

Thus, it is extremely difficult to apply the existing theoretical literature on migration and development, where the focus has tended to be on semi-skilled migrations and high investment costs whereby it is the middle class and educated who migrate. There are varying migratory patterns and motivations across the Balkan region, also making it impossible to generalise. One theory, known as the “migration hump”, suggests that as economic development proceeds, rather than reducing migratory outflows it will actually stimulate them. However, some analysts³ contend that in the cases of Albania and Turkey, it would in the medium term bring them out of the “migration band” and reduce mass emigration. For the other Balkan countries, on the other hand, it might increase emigration pressures: “aid in place of migration” is not a serious option for much of the Balkan region, despite the imperative of the area’s economic development.

Remittances are now thought to constitute globally an extremely important source of external funding, second only to FDI [foreign direct investment].⁴ Furthermore, this source of funding has doubled over the 1990s, whilst ODA [official development assistance] has been falling; it is a much more stable source of income than private flows; and is expected to rise as G7 economies recover.⁵ There is even evidence that remittances are countercyclical and used as insurance against economic “shocks”, since the arrangements of temporary economic migrants are intra-familial and designed to protect the family’s interests.⁶

Globally, transfers are conservatively put at \$70 billion, but this figure is significantly understated and is thought to be more like \$100 billion, or 1,6% of GDP.⁷ In the Balkan region, Albania is the country where it has the most impact. The figure for 2001 [latest year of data] is \$700 million, as is also that for Croatia. From 1995-99, migrant remittances constituted some 16% of Albania’s GDP, and Turkey’s remittances were the fourth highest in the world.⁸

Thus, migrant remittances are starting to emerge as a new possible strategy for economic development, despite previous negative perceptions by development economists. Criticism of remittance usage, along with the “brain drain” critique, was the primary issue, in that much was spent on consumption. However, consumption is itself an economic stimulant, and too much emphasis should not be placed on this sole aspect. Essentially, economic development depends on “an optimal combination of FDI, trade liberalization, aid, remittances, return migration, and improved governance”.⁹

The European Union's Relations with SEE

Throughout the 1990s, the Western Balkan countries have been highly dependent on foreign aid, with high trade deficits, very low savings rates, very high unemployment. EU assistance 1990-99 amounted to some E9 billion, while ODA was over US\$ 13 billion: this has led to the analysis of "aid-dependency" as a significant problem of the region.¹⁰ Around 50% of EU aid has gone into consumption, whereas the EIB until 1998 loaned money only to Albania.

Since 1999, the EU has undertaken some significant reforms in the western Balkans as part of the Stabilisation and Association Process: these include generous trade preferences, contractual relations through formal agreements with the EU, the CARDS programme of financial assistance, *inter alia*. However, the Stability Pact focused especially on border controls [eg in Albania and Bosnia], general legal frameworks, the creation of non-military border guards, etc. Essentially, this emphasis reflects the self-interest of the EU in dealing with the Balkans as transit countries, with trafficking and smuggling of migrants into the EU. It has had little relevance for economic or political development. All serious reports seem to claim considerable success in grappling with the Balkan border problems. ICMPD reports major decline in illegal migration, as does EUROPOL;¹¹ the Italy/Albania border co-operation has almost entirely stopped illegal border arrivals; many structural reforms are underway, eg FYROM/Albania; Kosovo; Serbia; Bosnia; and Croatia/Bosnia and Croatia/Slovenia.

Yet almost nothing is underway for real economic development. The EU has constructed a system of 21 bilateral free-trade agreements, which do not actually constitute a free trade zone because of different certificates of origin.¹² Furthermore, the 2004 enlargement is expected to have serious negative impact on the SEE region: these include negative trade effects [owing to lower competitiveness of agriculture], reduced FDI [which will favour the new members], declining EU aid [no budget has been set and look unlikely to be agreed owing to Germany's economic situation], and new visa restrictions to be imposed against the non-acceding countries.¹³

This latter point is of some interest, owing to a recent meeting in Ohrid, FYR of Macedonia, where NATO, OSCE and the EU emphasised the need to tighten Balkan borders. Although the EU Commission for the Balkans mentioned the idea of opening

the border for legal movement of people and goods, no practical measures were agreed: rather, the emphasis of NATO and the Stability Pact remained exclusively on yet more measures for better border controls.¹⁴

What is needed to effect some improvement?

Clearly, the primary responsibility for economic development lies with the new Balkan states themselves; however, their intimate relations with the EU imply a high degree of responsibility from that quarter also. Taking first the role of the EU, there are in fact a lot of policy measures which could have an impact.

First, the EU has to rapidly move beyond institution-building and crisis management [the Stability Pact], and especially its own self-interest in securing Balkan borders, and prioritise economic development. Development aid, and inclusion in formal EU programmes that have been available to candidate countries would be a good start – covering transport and environment infrastructure, agricultural development, technical assistance under TAIEX.¹⁵ Secondly, financial assistance is also meagre: the current allocation of E500 million is hardly enough to make an impact, especially compared with the pre-accession budget for candidate countries of E3 billion. Perhaps most crucially, a change of legal status would have a large impact. There is some hint of this in the Greek Presidency programme for the forthcoming Thessaloniki summit,¹⁶ whose policy paper suggests borrowing from the Accession process, increased conformity with EU legislation, and “twinning” to use expertise from EU member states. However, there seem to be no practical policy measures, and no suggestion of a new legal status for countries in the region. Such a status, with a commitment to eventual accession, might well provide some extra encouragement for FDI inflows into the Balkans.

What of the role of emigration in economic development? We have already seen how central this has been for Albania's economic growth and avoidance of large-scale debt, but this can be developed further. First, the *per capita* remittances are extremely low for Albania and Croatia,¹⁷ presumably through their weak [often illegal] positions in European labour markets. For economic development, it has been suggested that both receiving and sending countries need to rethink their approach to migrants: thus, the host country should try to integrate its immigrant population so that they have higher incomes and are more capable of investing in their country of origin. The developing

countries, on the other hand, have to see their emigrants as a source of capital – people with a real knowledge of the culture and laws, and able to stimulate economic growth.¹⁸ Secondly, although some Balkan migrants may have migrated permanently, others may well not wish to do so. However, the rigid border controls imposed by the EU have tended to accentuate and encourage permanent [even illegal] migrants,¹⁹ whereas at a regional level the idea of circular migration²⁰ is extremely relevant. Thus, the visa control and border system of Schengen is a direct impediment to regional economic development in the Balkans: even the Greek Presidency idea of a visa-free zone [which is unlikely to be accepted] is not a complete solution. Evidence from the Bulgaria/Greece border shows that border crossing actually became more problematic when the visa requirement was removed, owing to the discretionary powers granted to border guards and their arbitrary use of them.²¹

Finally, it should be emphasised that real innovation in managing emigration and return migration will be imperative for the Balkan countries. Each country will need to develop its own balance amongst: utilising migrant remittances, encouraging FDI by emigrant communities, facilitating an appropriate return of some skilled migrants for the domestic economy, and developing a structural possibility of easy circular migration. International agencies, and not only the EU, have a clear role to play in helping national policy-makers to provide the good governance which can optimise these valuable resources of human capital.

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