Minnesota and Albania:
Drawing Parallels – What Can We Learn

Ksenia Oleneva
Researcher, Institute for Public Policy and Good Governance[1]
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[Editor's note: Ksenia Oleneva, a social researcher from Albania, spent several months working at Wilder Research. She offers her observations on how the challenges of social change and immigration in her region of Europe might offer lessons to Minnesota – a place likely to have experiences similar to those of her country. The observations in the paper represent the views of our visiting scholar, not necessarily those of Wilder Research or Minnesota Compass.]

Minnesota (a State in the USA) and Albania (a small country in the Western Balkans): Different cultures, different histories, different economic dynamics, different languages; at first sight, few similarities. But globalization changes that. Now, different geographic regions around the world face similar challenges for their future, making it valuable from time to time to draw parallels and learn from others' lessons.

But what does Minnesota have in common with Albania, and what are some issues of concern worth considering when it comes to drafting impactful long-term policies without repeating mistakes others have made in the past? This article presents a demographic analysis of the two countries highlighting three main issues of concern regarding some trends manifested in the last decade.

## The continuous challenge of population decline

A major threat to the wealth and welfare of nations is population decline, and decision-makers must put in place long-term strategies to tackle this continuous challenge. While Albania is struggling with population decline, Minnesota seems as yet still immune in this regard. However, comparing the data between Albania and Minnesota and identifying potential negative repercussions of Albania's demographic shift might help better understand the size of potential risks for Minnesota and can stimulate state authorities to take necessary active measures in a timely manner.

The total population of Albania in 2017 was 2,873,457 residents, which is just slightly more than a half of Minnesota's population. The country's population has steadily declined since 1991 when the Communist regime collapsed, and a considerable number of Albanians left the country in search of better living conditions. Since then, the total population decreased by 12%. Two major factors that caused the downfall: decline of the fertility rate and massive emigration after Europe's borders opened in the '90s for newcomers from post-communistic countries. Today, the population continues to decrease 0.2-0.3% annually and almost 4% for the period 2006-2017.

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[1]   www.ipm.al

GRAPH 1: TOTAL POPULATION OF ALBANIA AND MINNESOTA (2006-2017)
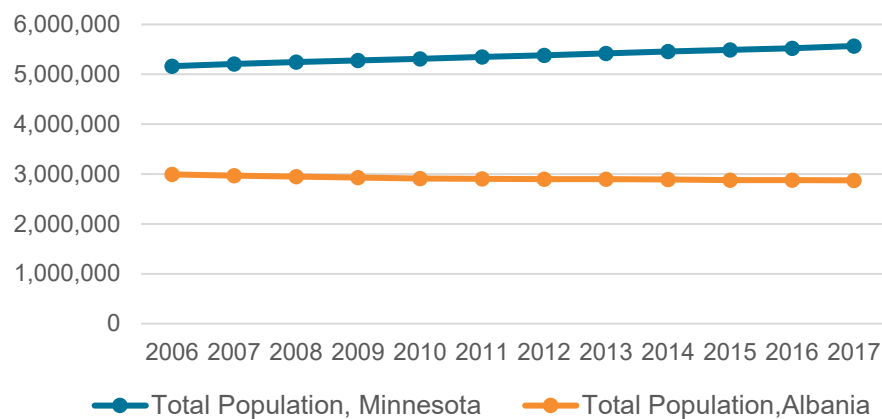
Source: World Development Indicators United Nations Population Division and Minnesota Compass

In Minnesota we can see a different landscape of population growth which is currently positive, but it is important not to ignore the potential risk of eventual population decline in the long-term. Trends in the size and growth of the Minnesota population reflect the interactions of three underlying determinants: the role of the fertility rate for Minnesota's population; diseases and subsequent mortality; and the net effect of international and domestic migration.

GRAPHS 2 AND 3: NATURAL CHANGE OF POPULATION IN ALBANIA AND MINNESOTA
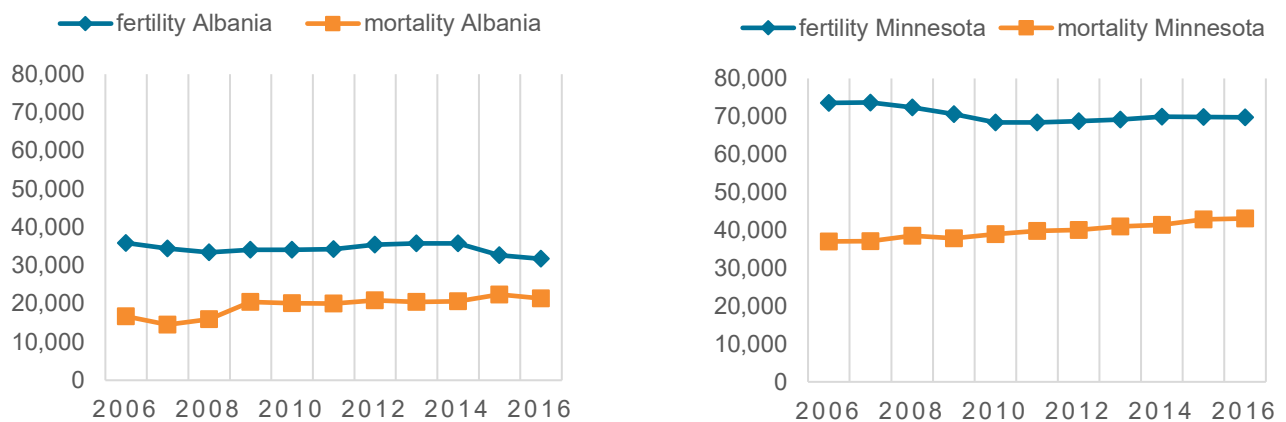
Source: United Nations Population Division. World Population Prospects and U.S. Census Bureau

The fertility rate in Albania dropped dramatically from 6.5 to 1.7 children per woman during the 57 years from 1960 to 2017. During just the last 3 years, 2014-2017, fertility decreased by 5000 births, almost 14%. In parallel, the mortality rate is rising. Thus, the Albanian population is shrinking, and certainly this is going to affect the country's welfare and sustainable growth.

Despite overall population growth in Minnesota, a closer look at population indicators shows fragilities of this positive trend. Similar to Albania, the fertility rate in Minnesota is declining, while mortality is rising, notwithstanding that there is still a natural increase of population annually around 0.5%. Projections from the Minnesota State Demographic Center forecast a positive outlook for the coming two decades until 2040, when the Center predicts that natural population growth will stop, and the state will face major challenges of a declining trajectory.

Migration as a fundamental demographic factor

Migration is a defining demographic factor which influences population dynamics in both Albania and Minnesota. In the case of Albania, interestingly, two years after the fall of Communist regime, in 1993, nearly 10% of the population had illegally crossed the borders to Greece and Italy *(mainly young men in search of better economic opportunities; INSTAT 1999)*. Since 1990, Albania has experienced one of the largest and fastest growing emigration rates in the late history of Europe. About 24% of the country's population emigrated between 1990 and 2001. In 2017, the number of people who left the country constituted 1.4% of total population, while the number returning constituted just 0,9 %. This produced a negative net migration of 0.5%. The United Nations Department of Economic and Social Affairs projects a dramatic decline in Albania's population by 2055 to the level of 2,570,056 or 11% lower compared to 2019.

In the case of Minnesota, migration remains a key factor contributing to population growth. Since 1990, Minnesota has consistently welcomed more people due to immigration than the state lost by emigration, but in a closer look, a possibly disturbing trend becomes observable. With respect to domestic migration since 2002, the state has suffered a net loss of residents to other states. Between 2000 and 2017 Minnesota lost about 79,000 residents. Despite data showing that the State had net positive domestic migration for the last two years it is still too early to tell whether Minnesota will see a lasting reversal of this long-standing migration trend. In parallel, developments in international migration tell a different story: over the past two and a half decades, Minnesota's net international migration has been positive. We can observe a total increase in the number of new Minnesotans by 47,000 or 0.8%, for two years 2017 and 2018.

Different research studies show that one of main reasons for domestic emigration in the US and in Minnesota specifically is the search for new economic opportunities, like affordable housing and higher-paying jobs. Census data show that people aged 18-29 with higher education are the ones who are more likely to look for better job opportunities outside of the state. So, one could expect that, in parallel with population growth, the labor force will tend to have a slower pace of growth.

GRAPH 4: MINNESOTA MIGRATION, BY INTERNATIONAL AND DOMESTIC COMPONENTS, 2002-2018
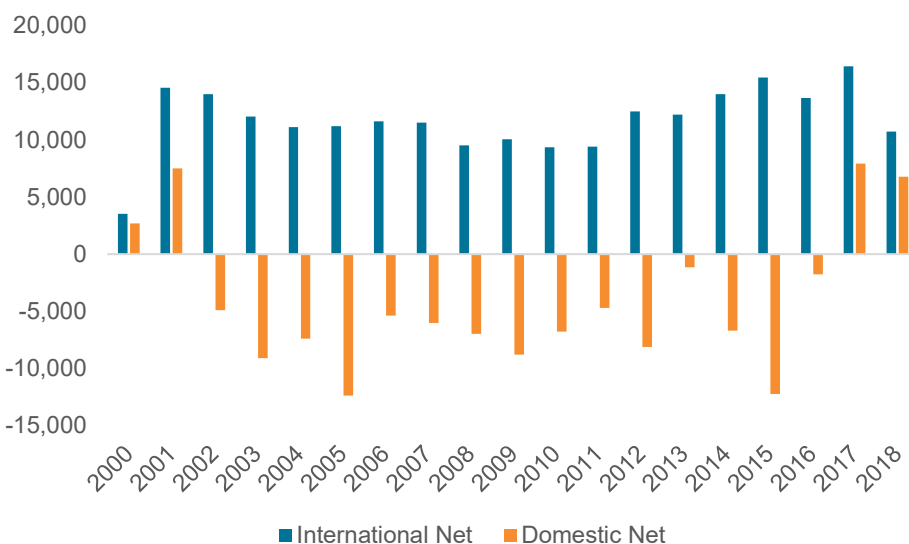
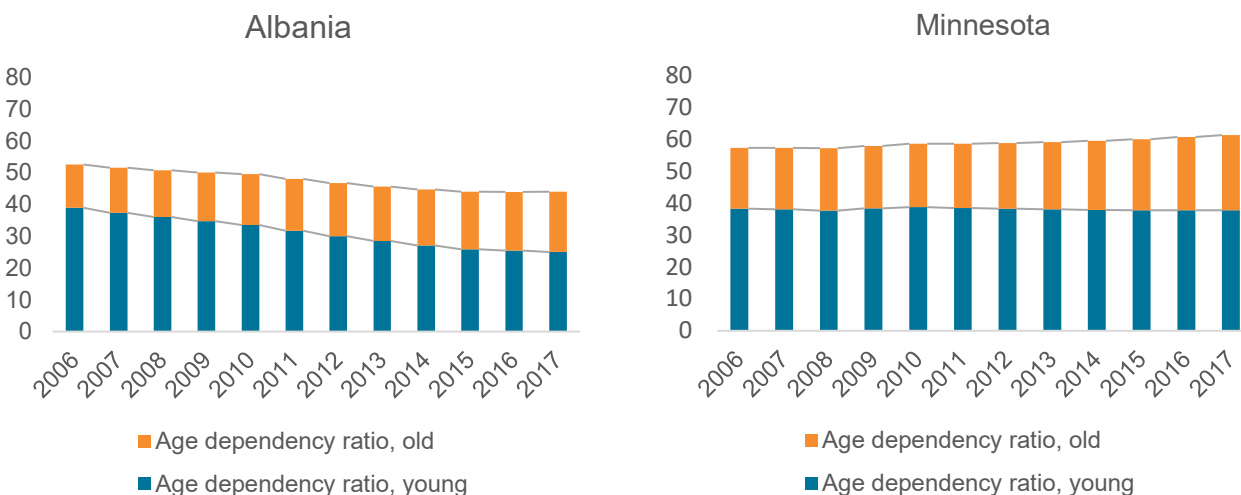Source: U.S. Census Bureau, Population Division

Retention policies should be implemented in order to retain the skilled labor force that migrates from Minnesota towards other states in search for better opportunities. Substitution of "old Minnesotans' with 'new' ones requires effective labor market policies that will smooth the path of accommodating new immigrants in the state's economy.

Dependency Ratio as a leading indicator of social welfare

In population statistics, the dependency ratio represents the number of dependents aged zero to 14 plus the number of people 65 and older, compared with the total population aged 15 to 64. In other words, it serves as a proxy for present and future social welfare of an economy. If the number of dependents grows higher than the number of people in the working population, the burden on the public social system including pensions will increase making it more difficult to meet social needs as the number of contributors is lower than dependents.

Surprisingly, Albania appears to have a better situation compared to Minnesota when it comes to the dependency ratio. Albania manifests a declining trend indicating fewer dependents per contributor. In the case of Minnesota, the dependency ratio is growing, raising concerns about an incremental burden for the contributors of working age, a challenge that policy makers ought to tackle. It is important to emphasize that in both countries of our analysis, the youth dependency ratio declines, while the elderly dependency ratio grows. Thus, we will see a serious shift towards population aging, which in the long term will increase the burden for the working population.

GRAPHS 5 AND 6: DEPENDENCY RATIOS IN ALBANIA AND MINNESOTA (TOTAL DEPENDENCY RATIO (RATIO OF POPULATION AGED 0-14 AND 65+ PER 100 POPULATION 15-64)

Source: United Nations Population Division. World Development Indicators and U.S. Census Bureau

As a result, future population growth in Minnesota will depend on the state's ability to attract new residents through tailored migration policies that will significantly contribute to retaining a skilled labor force and to differentiating Minnesota from other neighboring states in terms of living standards, affordable housing, and income per household.

Web links to sources cited

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451 Lexington Parkway North
Saint Paul, Minnesota 55104
651-280-2700
www.wilderresearch.org