

Reflections on 20 years of Albania development

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Abstract

Albania is one of the countries which most had experienced massive changes after the collapse of the regime. Statistically we can say that, greater the political repression, greater the desire of liberty, which has been revealed in a huge movement of migration. Migration had contributed positively, but even negatively both for emigrants and the hosting countries. The major problem has been, at the beginning of migration, the integration into new countries of residence, since emigrants were not used to the liberty of the Western legislation. After years, now their inclusiveness is quite complete, many have obtained foreign citizenship, have bought residences, have sure jobs, and social benefits in their new countries. Probably, now is the moment when a global economic integration is requested, going towards the future, where enterprises must be moved, not people. This is favorized by the Albanian government which imposes to entrepreneurs less taxes than many foreign countries. Help is needed, since old industrialized countries have joined a high level of technology, not permitting to enter the mechanization processes without evidenced expertise. In services sector, merged companies are needed too, like it is demonstrated by the new advertisement on Albanian Tourism, stimulated by the creation of new air companies from Italy, which are now magnifying the natural beauty of Albanian beaches, in coordination with Albanian hotels and building industries, at the opposite of previous views, when these coasts had been deemed as inhospitable.

Introduction

The development of one region is easier regarded and analyzed from outside, since it can be compared with other places and regarded in the framework of the global economic evolution.

Surely, Albania has made great leaps forward, but, as it occurs in all the fast changes, it has looked for a rapid evolution in the social, political and economic management. In the yearning for a better future, good, like bad things, have been made, so some inequalities and imbalances remain.

Albania has made all this way forward not alone - this is impossible for every country- and it has benefitted help not only from neighboring countries, but also from international super-governmental institutions. Only the OECD membership is lacking, which could be of more support, like it could be the EU membership. Surely the goal of EU participation is seen along its development path, but probably this requires more duties than advantages at the beginning.

In free economies, the private capital is expanding more rapidly, than the State's wealth; moreover, this last one is not always controlled in a profitable manner to obtain proportional public revenues which should be distributed to the population at large.

Sometimes, private capital has external hidden big forces, which are stronger than State's control capabilities, so the newborn States, have usually more control on small enterprises. Requesting taxes from small, maybe artisanal activities, if, from one part, doesn't produce enough public wellness, to the other part, it can immobilize the private initiative.

Creating small enterprises is difficult in newborn States, whereas, new political situations offer more opportunities for external capital, but generally it deprives means for local development.

Another gap is possible when external foreign capital intervenes, this one generally tends to reproduce prototypes of investment already realized elsewhere, but the models of development are continually changing, like very different are the economic and geographic situations, so investments must be adapted not only to local needs, but to the global evolution at large.

In conclusion, Albania must avoid going from dictatorial communism to colonial capitalism.

The external view of international organizations

The agricultural sector, which accounts for more than 40% of employment, but less than one quarter of GDP, is limited primarily to small family operations and

subsistence farming, because of a lack of modern equipment, unclear property rights, and the prevalence of small, inefficient plots of land. Complex tax codes and licensing requirements, a weak judicial system, endemic corruption, poor enforcement of contracts and property issues, and antiquated infrastructure contribute to Albania's poor business environment, making attracting foreign investment difficult. Since 2015, Albania has launched an ambitious program to increase tax compliance and bring more businesses into the formal economy. In July 2016, Albania passed constitutional amendments reforming the judicial system to strengthen the rule of law and to reduce deeply entrenched corruption (CIA, 2018).

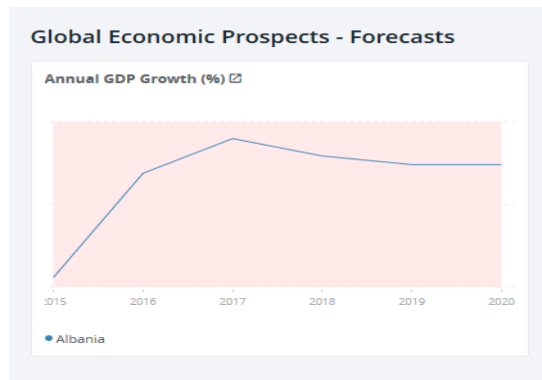
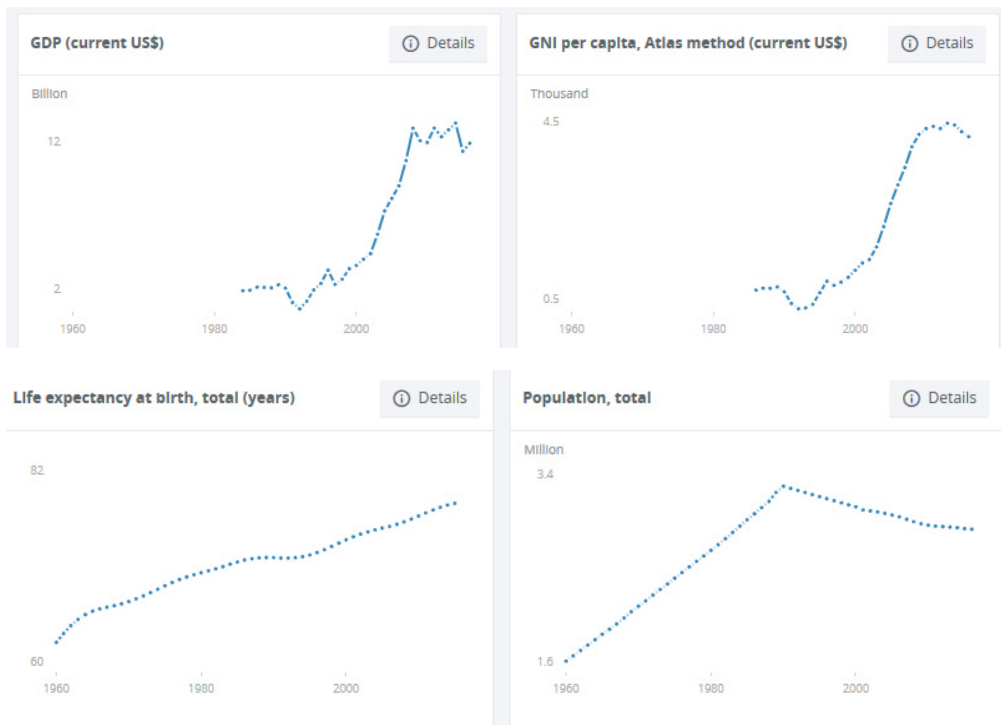
Inward FDI has increased significantly in recent years, as the government has embarked on an ambitious program to improve the business climate through fiscal and legislative reforms. The government is focused on the simplification of licensing requirements and tax codes, and it entered into a new arrangement with the IMF for additional financial and technical support. Albania's three-year IMF program, an extended fund facility arrangement, was successfully concluded in February 2017. The Albanian Government has strengthened tax collection amid moderate public wage and pension increases in an effort to reduce its budget deficit. The country continues to face high public debt, exceeding its former statutory limit of 60% of GDP in 2013 and reaching 72% in 2016 (CIA, 2018).

Albania is now one of the most interesting countries to study, for several reasons, for historical reasons, having had an original political mark, having been one of the most recent governments to exit the socialist/communist regime; for its rich traditional background, its geographical position, its recent success in development, being a model even for the World Bank (Petrovic (2008).

Many studies on Albania are especially concerning the transition from socialism/communism to liberalism/democracy (Tarifa, 1996, Cooper, 2013, Hall D. R. 1990, Grekova 2015). Many are displaying ethnic traditions, many are discussing education, as the door for the future; the most modern ones are foreseeing the cooperation as the mean of achieving the possibilities to enter and profit international organizations (Pajaziti, 2014).

While five East Central European and three Baltic states have managed to successfully achieve the most important goals of political and economic transition and fulfil the criteria for EU membership, their counterparts from the Balkans continue to experience serious difficulties in implementing transitional reforms and merely hope for such an outcome (Grekova M. (2015).

Scholarly analyses of the reasons for this division of post-communist Eastern Europe have often tended to emphasize the decisive importance of the initial geo-political, economic and socio-cultural conditions dating back to the deep pre-communist histories of the countries in question.



Tables form World Bank 2018

Literature review

Many works on Albania are connected to the issue of transition, passage from communism to liberalism, inter- Balkans relations, and many scientific works are on tourism, seen as the icon of future development and openness to the world.

The methodology of the present article is based on personal experience, as Italian visiting professor at Albanian Universities, since the first years of this century, and

based on narrative from local inhabitants (Galvani, *several years*). All the pictures (except an aerial photo) are made from the author. Results are confirming the dynamism of the Albanian population, even in an uneasy transition (Lami et al. 2016). Discussion is regarding the possibilities of economic sectors development, possible with the international cooperation. Potentials would be major for all the population if emigrants could return to invest and work here, but they don't find enough security of jobs and salaries. The final result, at the moment, is that foreign investors are coming to create cooperation, but with major advantages for them, than for the people (Piracha M., Vadean, 2010).

The political and economic changes between the two Millennia have been as large as the post WW2 transformations. The fact is that the world has changed unevenly at a great extent, so inequality is always increasing, both at international level and local level, like among countries and inside the layers of same strata of societies. Evolution has been favorized by peace everywhere, but, since peace is not globally diffused, many places haven't followed the best development pathway. This is creating now, unforeseen movements of migration at a global level.

While migrants are looking for best human conditions, the political and religious competition among different cultures is bringing all of us into the hell of a global war.

The lack of peace will endanger all the economies, so a counterpart action which must be favorized by political forces and financial aids, could be investment on education, technology and research. In facts, major governments and private enterprises are now injecting funds and efforts into smart factories and artificial intelligence (AI).

The results of research could be astonishing, they will surely bring even more discrepancies among societal strata with educational backgrounds. Funds on brain research, heightened by Obama, EU grants, Google, Intell's projects, and others, are opening new perspectives, but, at the same time, eight children are dying every minute in poor countries, many others don't reach the age of five, and much more cannot attend schools, for lack of money, since schools are not financed by States, and also for lack of schools themselves. International organizations are struggling for bringing people out of famine and poverty, but they need money from private investors and the money lend by IMF, WB, must be returned with interests. The sector, which more needs funds and where funds will be more productive, is education, but investors don't see immediate returns of their invested capitals. International funds are particularly destined to new buildings, which will be sold at several times more than their real value.

Along this vision, we can understand why some countries never make any step forward. ODA don't arrive to poor countries which even lack of internal funds, so many times, money arrive to States which less need it. For example, Western

African States have an average of more than 90% of unemployed population, who live in the framework of informal economy; therefore, international investors are not interested in countries like this one.

OECD (oecd. gov) organizes twice a year a forum on development, asking developed and underdeveloped countries to comment together the main questions of development. In the 2017 forum it had been stated that governments should augment local enterprises, even the smallest ones, to obtain even a minimum of taxes, which could be invested in financing other small enterprises or public services. Without taxes, paid by citizen, any service could function.

As a joke, an attendant of the conference said that some could start producing even only one yogurt, selling it and continuing to produce more of them. Another participant proposed that, even women, occupied with family duties, could take care of a cow, a sheep, and selling milk.

The fact is that even small, and family enterprises need services, like good streets, good hospitals, doctors, health environment, but these ones previously need citizen paying taxes.

In 2018 Forum it has been said that when a process of investment, both from outside or inside, could advance, it is eventually blocked by corruption. In fact, we can see that corruption is more elevated in poor countries: the poorer, the more elevated the corruption. This occurs in Africa, and also in India, which is probably the symbol of inequality, but also in many rich and democratic regions.

Albania case study

Now we can insert the case of Albania in this international framework's discussion.

Starting discussion from education, everyone could see that the process of education is favorized at every level in Albania. The basis has been reinforced by the past government due to the evidence of communist governments having all everywhere favorized education. In the new democracy, free education has been privately tracked by the citizen, attending private universities and schools, which have offered many chances, for money. Students, supported by the remittance of relatives, working in Western Europe have favorized this system, but the educational and scientific contents are not at all internationally valuable. The communist view on education has been reversed into a new "bourgeoisie", enhancing a process of liberalism, which has turned to become an excess of liberalism, even to arrive at recognizing importance to the title, and not to the training (Thomas, 1993).

From another point of view, the desire to escape the poverty of communism and to enter the garden of liberty, is arrived at considering education a loophole to enter a new dimension of economy, only through money. The desire of enjoying

new positions in the bazar of liberalism has created a distorted evolution, from one part, school, teachers, officials, responsible without specialization, from the other, students without contents. This has brought students to go to universities abroad, where also jobs and employments were seen possible and accessible.

Tridico (2013) states that a higher level of social capital and a more consistent middle class than in former Russia, could generate better democratic institutions and consequently higher levels of human development. At the present, it is the moment of local development. If the best students are involved with profit in higher education, and they can find suitable jobs outside the country, on the other part, a great number of uneducated people need to be updated in new technologies to go forward, since public instruction is not more supported like before by a communist dictatorship which didn't see, as good, foreign courses of studies (Bushati J. Galvani, 2014, Bushati et al., 2014).

In any case, education should be the first goal for Albania, which is surrounded by many EU countries and since it also looks for that result (Galvani & Pirazzoli 2015).

The second goal must be the development of agriculture for many reasons: the climate and the geographical position with middle temperatures and the influence of the Mediterranean Sea could, at the best, favorize food production, especially in the actual global vision which emphasize the importance of nutrition to afford the challenges of demographic and nutritional transition (Galvani & Preka, 2013), Pajaziti, 2014).

The good environmental conditions, with low levels of pollution, low chemical ingredients in fertilizers, sustain the reputation of tasty food in Albania. Before all that, the State must, in the shorter possible time, to solve the question of the property of the soils. If not resolved in good or bad, not only the nutritional requirements of the population will never be satisfied, but time, money, soils, animals, the production itself, at large, are wasted, and experts, like layers, jurists, accountants continue to lose their time (Haxhi et al. 2014).

Triantis (2018) examines the post-socialist restitution of property as a process of land dispossession related to coastal tourism development. It focuses on Albania, with its distinct particularities, regarding property issues, which call the notion of "restitution" in question and, second, on the coastal area of Himara in Southern Albania, as a case of extreme insecurity in land tenure, absent owners, intense pressures for tourism development and particular ethnocultural features.

The industrial sectors perspectives

Agriculture is generally the basis of many industries, since manufactures start managing transformation of local production. This has been confirmed by many

countries around the world, from North to South America, and in Europe, in Denmark, Holland, France, Spain, Italy.

This become also more important if we follow the requirements and opportunities offered by the green economy, where primary products are transformed into energy input.

Agriculture production is the basis of the first industrial evolution. Albania must start from there, like are doing again rich industrialized countries, due the importance that food has gained today. Several countries have started from tissues, toys, and cheap things elaboration in creating industries, but this has become a monopoly of China.

Industries must adapt to technological change and start to plan for a disrupted future, foreseen by the connection of humans, objects and systems which may allow dynamic, real-time improved, self-organizing and cross-company value creation networks.

Considering other kinds of industries, we cannot see favorable conditions, since many enterprises are so evolved in technical and managerial research and financial assets that it is quite impossible to enter into competition with them, or even follow their results, since the time when Germany has injected the process of industry 4.0, and Japan is incessantly alimenting technical input, and meanwhile EU strongly finances innovation.

Industry 4.0 is an initiative with technology innovations such as internet of things (IoT), big data, electric vehicles (EV), 3D printing, cloud computing, artificial intelligence and cyber-physical systems. Industry 4.0 has attracted attention from governments, industries and researchers. Many aspects of Industry 4.0 are unknown and uncertain, such as the demand dimensions of customers and the future product architecture of electric vehicles (Yin et al., 2018).

Industry 4.0 was an initiative established by the German Government in 2012 (Kagermann et al. 2013 Kagermann, H., J. Helbig, A. Hellinger, and W. Wahlster. 2013) to maintain its strong competitiveness in manufacturing industries. Similar promotions are advocated in other industrial countries, for example, in the United States. The Japanese Government sustains 'Society 5.0' – a smart system that covers smart community, smart infrastructure, smart factory and others. China created a plan of 'Chinese Manufacturing 2025' to foster Chinese manufacturing shifting to high value-added, becoming a global leader (Porter & Heppelmann. 2014).

The difficulties of enhancing industry creation and evolution has many constraints, especially today: because of the increasing individual customization, life cycles of individual modules that are personally designed to provide specific functions, which will have short life, because of possible frequent upgrades.

The worst is that who has to start from the beginning an economic activity, even through emulation, is not able to follow the same paths implemented in the

first industrialized regions. Only few developing countries have been able to enter the big circle of the “seven”, but they have made that in a sort of colonization, like China and Korea, which are now at the top of industrialization, and where the decentralization of the Japanese activities had the most effect.

The changing economy

The third sector to be reinforced is the personal services sector, especially tourism. It has been supported by local initiatives, but it must enter the big markets. Tourism brings the discussion again on agriculture, since it cannot start without a local production. If management could be provided outside the country, labor force and daily food must be delivered by local workers, if we need the major part of the revenues could remain locally productive, in terms of favorizing indigenous labor force. If revenues return back to the countries of origin of tourists, in terms of local spending for visitors’ material and virtual necessities, all could become a drawback. It should also be favorized agritourism or lodgment “*chez l’habitant*”, enlarging the use and knowledge of local products, maintaining what is called “democratic tourism”.

At the opposite, one can speak of “aristocratic tourism” when high, costly investments are put into luxury hotels and elegant residences.

Another aspect to stimulate in Albania is the development of social services, profiting of the ancient tradition of family ties, of old family’s members care, the gentleness of the local population, the kindness of the inhabitants.

Services are needed since the population is ageing, like quite everywhere, or since some pitfalls of the past regime are penalizing people in terms of health, lack of jobs, lack of perspectives, insufficiency of salary and retirement support. Developing personal services sector could attract foreign clients from countries where the ageing is more pronounced and where job recruitment is limited by the diminishing number of young people or even more limited by the cost of delivering service facilities. Economy at large is going in this direction, asking health services and cultural services, since we are witnessing a shrinking in the industrial sector, where people is not more at the center, substituted before by machine, now by robots, in the future by A (Yin, et al. 2003).

Like agriculture has seen a decrease of job opportunities in the 50s in developed countries, now the fourth industrial revolution is pushing aside number of industrial workers, who can enter the services sector (Krafcik, 1988). Technology is so rapidly evolving that even trained employees, who have made specialized studies, cannot afford the continual changes, so they must update themselves without interruption. Who refuse to do that, dies, like will die the scientists and the industries which

refuse to understand great changes. Product diversity is large and likely to grow. More factories will have to be more flexible or reconfigurable (Belletti, 2015).

Tourism

Tourism has great possibilities in Albania, because of the sea coasts, the traditions, the landscape, the food, the ancient architecture and the sense of hospitality of the inhabitants Bashi E. (2015)..

After the fall of the Hoxa's regime, the first Minister of Tourism arrived in Madrid to ask consultations from UNWTO (at that time WTO) experts, on how to develop tourism. The advice received regarded the proposition to create a touristic port in the most beautiful area along the coasts. (The author of this paper was there at that moment, working for WTO, and she made acquaintance with Minister Rama.) The area was that of Saranda. In fact a nice small harbor for small boats has been created there.

An interesting moment has been when in 2014, the Albanian Ministry of Tourism has organized a conference in Tirana for enhancing the relations with UNWTO. It organized in that period an international meeting and signed a paper for the Code of Conduct of the tourism employees; among the attendees, the president of UNWTO and a world famous expert of tourism, prof. Butler.

In the last 20 years the holiday services sector has made huge progresses, visible in the comparison between the former local situation and the present one. In the past years the touristic offer of Albania had been compared to North Korea, at present it is inserted in international tours.

Tourism evolution

We can compare pictures of the beginning of the Millennium and pictures of the present situation.

In the first years of 2000, the beaches had very simple services, buildings were constructed in simple manner, with cheap material; the lack of expertise of workers was leaving shortages in the hydraulic and electrical pipelines; beach services were insufficient, with few bars and restaurants.

We offer here a series of pictures collected in 20 years, which testify the evolution from the simplest offer of services until the present tourist equipment.



FIG. 1 – The first services offered twenty years ago in Velipoja



FIG. 2 – An elementary implementation of private services, like it is suggested by OECD, to start a free economy.



FIG. 3 - Velipoja: the state of abandonment of the forest in the back front of beaches



FIG. 4 . Huts in Velipoja



FIG. 5 – Sleeping porks



FIG. 6 – Sleeping weapon



FIG. 7 - The past weighs too much



FIG. 8 - The passage to the "new" at the beginnings of this new century



FIG. 9 – Luxury hotel in Velipoja (Google image)



FIG. 10- Minister Engladina at the WTO meeting in Tirana in 2014.

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