



THE ALBANIAN LIMBO

**FROM BUREAUCRATIC SOCIALISM
TO NEOLIBERAL CAPITALISM**

ARLIND QORI & SOFOKLI MEKSI

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PREFACE

Albania is still one of the poorest countries in Europe, with a tormented history, characterised by foreign impositions and important internal contradictions and struggles. Its level of development and the respect for social and political rights still lag far behind what a society with a proper order requires. Yet the struggles of the subordinate classes and common people through history have achieved some advances in terms of social emancipation.

This book is aimed at critically analysing the contemporary history of Albania's social formation, from its inception in the early 1990s on the ruins of bureaucratic socialism, whose impact and legacy is still important if we want to understand what is happening in the country nowadays.

Nonetheless, our approach is not confined to contemporary history. In order to understand not only the degenerative aspects of Albania's Stalinist regime, but also the characteristics of contemporary neoliberal capitalism, one has to go deep into the evolution of Albania's social structures. A peripheral country from the Antiquity to the Middle Ages and modernity – colonised by ancient Greeks and

subdued by the Roman Empire, then ruled by the Byzantines and the Ottomans, gaining independence only in 1912, and experiencing for decades political regimes subordinated to Great Powers – the changes in the modes of production and social formation of the Albanian territory have been very slow. This is the reason why the first chapter of this book will deal with the pre-capitalist modes of production that have dominated Albania until the beginning of the 20th century. The impact of subsistence agriculture, the lack of industrial development, the predominance of politically-based ruling classes, the tributary character of the political bureaucracy and the fragmentation of subordinate classes are not only characteristics of an ancient past, but elements that have haunted the modernising impulses not only of bureaucratic socialism, but also of contemporary capitalism.

If the first chapter depicts a broad socio-historical context, the second focuses on the critique of political economy. It analyses the contradictions that have led to the economic crisis and then the collapse of bureaucratic socialism. Then it focuses on the neoliberal capitalist reconstruction of the economy, its deindustrialising effects and the exacerbations of the social cleavages especially in the last ten to fifteen years. The Albanian economic structure has changed substantially in order to be integrated in the capitalist world-system as a provider of raw materials, agricultural products and low added-value textiles. This structure has led to the rise of an oligarchic economic ruling class in concomitance with a predatory political bureaucracy.

The third chapter deals with the evolution of the political system as the necessary superstructure of

the current regime of accumulation; its enormous democratic deficit, the strong clientelist network and the hegemony of two political parties that have successively held power for more than thirty years. The political system is analysed against the background of class formation, the shrinking of the industrial working class and the expansion of the low-level service sector which creates multitudes of precarious workers and poor self-employed people while offloading large numbers of unemployed and emigrants.

The last chapter extends the logic of the latter by critically evidencing the pillars of the ruling ideology, its market fetishism, the veneration of the idea of Europe or the West in general and the naturalisation of the subordinate position Albania has to have in front of EU institutions or the US government. Firstly, it deals with the invariables and the evolution of the main parties' (Socialist Party and Democratic Party) political discourse since 1991. Secondly, it analyses the hegemonic intellectual discourse, the evolution of intellectuals as an ideological stratum and the relations between the ideological apparatuses and evolving social classes.

In the end, some thoughts is devoted to the potentials of radical and emancipatory social and political transformations, as well as to the social classes that can lead and participate in an anti-systemic social movement.

In this time of crisis and trouble, scholars need to find hope in the cracks of the social formation, where common people organise themselves and gain the necessary political consciousness to fight back and win.

I.

SOCIO-HISTORICAL BACKGROUND

Ancient and medieval society

The aim of this chapter is the historical analysis of the relations of production in Albanian society. An understanding of today's society, its institutions and their nature cannot be complete without their historical background. The social history of the country is characterised by paradoxes and contradictions: between the western lowland provinces and the mountainous ones in the interior; between external influences and autochthonous development; between rapid change and age-old stagnation. These forms are present throughout ancient, mediaeval and modern history.

If we look at ancient society, we will find some of the features appearing even later in time. Written and archaeological sources show that, during this period, the Illyrians were mainly engaged in agriculture and animal husbandry. Agriculture developed especially in the plains and the fertile regions of the country. Animal husbandry was also developed among the Illyrians; in the interior mountainous regions it was the basis of the economy. The main productive forces of society at this time were free farmers and herders,

simple tribesmen. A new, more limited layer was added to these, that of craftsmen. On the other hand, rising from the broad masses of the population, the tribal aristocracy started to stand out as a separate stratum which was placed in a privileged position by being cut off from the production and through the appropriation of common property, until it gradually came to own large tracts of land and numbers of livestock. It gradually removed the democratic organs of the tribe, while usurping political power. The development of private property, which led to the deepening of social differentiation, became a source of conflicts in Illyrian society, and intertribal wars and marauding incursions by sea and land, reaching Greece and other places on the Adriatic coast, took on large proportions. The traditional exchanges with Greece increased especially after the 8th century, with the establishment of the Hellenic colonies.¹

The Roman conquest of Illyria constituted the first major external influence. From the beginning, the Roman authorities began implementing an agrarian policy whose essence was the violent appropriation of the best and most fertile land, which was declared *ager publicus*, the property of the Roman state. But representatives of landed aristocracy also received property from the looted land fund; in this way, large agricultural economies, *latifundia*, were created in Illyria.² The estates were mainly located in the plains, low hilly areas and the low river valleys, near the main roads, because they supplied agricultural products to the large settlements. The landholdings of the natives were preserved in the interior of Illyria, where in the

1. S. Pollo, A. Puto, *The History of Albania: From its Origins to the Present Day*, London: Routledge, 1981, pp. 7–10. K. Frasheri, *The History of Albania: A Brief Survey*, Tirana, 1964, pp. 15–19.

2. Pollo and Puto, *History of Albania*, pp. 21–22.

first centuries of the Common Era a large part of the population still lived in villages, organised in peasant communities.³ In these provinces of free peasant community, husbandry, along with agriculture, remained a dominant branch of the economy. The development of agricultural economies in the territories confiscated by the cities and the growth of large landholdings accelerated the process of replacing common property with private property and resulted in further extension and deepening of slaveholding relations. The Roman state had an elaborate system of levying taxes and other duties. The representatives of the imperial power, the legates and the procurators, saw the provinces as objects of pilfering. The robberies and the heavy tax burden were more pronounced in the coastal provinces and in those traversed by the great communication routes, where there were all kinds of Roman officials. In the interior and mountainous regions of the Illyrian provinces, the Romans could not establish relations of subordination or even completely subjugate the local inhabitants. Many provinces and territorial communities remained self-governing for a long time.⁴

Starting from the 3d century, in the Roman Empire the ancient mode of production had exhausted its possibilities for further development and began to decline. The productivity of the slaves, who had no incentive to work, diminished, and exploiting their work became less profitable. The transition to the Middle Ages shifted the centre of economic gravity to the countryside, where the overwhelming mass of the population was concentrated. The economic

3. Frasheri, *History of Albania*, p. 29.

4. R. Marmullaku, *Albania and the Albanians*, London: C. Hurst & Company, 1975, p. 8.

function of cities shrank, and the life cell of Albanian society became the peasant community,⁵ a group of people organised on the basis of a common territory and common interests. The basic social unit of the community was the large patriarchal family, bonding several generations and headed by the oldest. The heads of the families formed the Council of Elders which resolved, on the basis of tradition, all the problems related to the internal relations of the community, as well as its relations with neighbouring communities and with the central government. In the entire western Albanian lowlands, where large estates had once flourished, even in the new conditions, large landed property continued to exist in the possession of secular persons or religious institutions. The latter appeared early, as collectors of large land funds. Simultaneously with the religious institutions, large reserves of land appeared to be owned by secular persons, who belonged to the local aristocracy, but who, in some cases, were also foreign nobles. The presence of the latter, and in general the contacts that the Adriatic and Ionian coasts had with Italy, allowed for agrarian relations to be influenced by the western model of feudalism. Developed and densely populated regions were also those of the plains or interior valleys which were traversed by a dense network of communication routes. Here, too, as in the western coastal lowlands, the process of land concentration in a few hands moved forward quickly, and most of the land stock was divided among a group of large landowners or religious institutions. These were the regions where the Byzantine-type feudalism, embodied in the institution of *pronoia*, found its classical application. Finally, the third region was that of the highlands and deep interior areas,

5. Frasheri, *History of Albania*, pp. 37–38.

which occupied a good part of the territory. Here the main weight in the economic activity was occupied by livestock, while the cultivation of fields was limited to valleys and to narrow plots opened through labour on sloping surfaces or in forests.

The system of feudal obligations that burdened the peasant was not the same for all Albanian settlements. It varied according to the configuration of the terrain, but also depending on the local political institutions. The nobles' empowerment vis-à-vis the central government since the 13th century also changed the ratio between the rent that went to the state and that for the benefit of the noble, to the advantage of the latter. Obligations to the state included land tax, house tax, tax paid as a contribution to the maintenance of the army and government officials, and forced labour in the construction of roads, bridges, castles. For his part, the nobleman usually received minimally 1/10 of production. By using their power, noblemen could demand an even larger part (up to 1/4 and 1/2 of production). There were also *corvée* obligations that the farmers performed during the year on the noble's properties: from ploughing the land, planting and harvesting, to transporting products to warehouses as well as cutting and transporting firewood.

The Ottoman period

After the Roman and Byzantine domination, the Ottoman rule constitutes the second major wave of external influence. Its organisation and the functioning of its state apparatuses based on the military service

possession, the *timar* system.⁶ Under the *timar* system, land was considered state property and the peasant could not abandon it. Apart from the *timar* areas, the other regions were autonomous mountain provinces legally recognised by the central government. These areas included those provinces that resisted the *timar* system, and those not suitable to its implementation. Having little arable land, the free peasantry was more engaged in animal husbandry. Livestock, arable land and housing constituted the private property of each peasant family, while pastures and forests constituted the common property of each village. Relying primarily on private ownership of the main means of production, the highland society was divided into two distinct strata: chiefs, who owned more means of production than others, and the simple highlanders, who were small owners.

The basic unit of society was the extended family.⁷ The head of the family managed its economy and represented it in the assembly of the tribe and the village. Common issues, which were of interest to all members of a tribe, were decided by the tribe's assembly. The resolution of various issues by these assemblies was based on the customary law, created and improved according to the conditions for each highland. The absence of state authorities and administration in the free highlands meant that these norms were preserved for a long time. In order to decide issues of a political and military nature, which affected several highland villages and tribes, the provincial assemblies were also convened. With scarce and generally infertile arable land worked with

6. Pollo and Puto, *History of Albania*, pp. 88–91; Frasheri, *History of Albania*, pp.89–96; Marmullaku, *Albania and the Albanians*, p. 15.

7. Pollo and Puto, *History of Albania*, p. 89.

primitive tools, agriculture did not provide subsistence for most of the inhabitants of the highlands. Even animal husbandry, which constituted the most important branch of the economy, could not meet the sustenance needs of their inhabitants. This situation forced the masses of humble highlanders to find a way out to ensure their maintenance, especially in times of population growth. This included the departure from the highlands for seasonal work, relocation in the lowlands and paid military service. Mercenary contracts were the main source of enrichment and privilege for the chiefs, who encouraged the phenomenon by any means. As the need of the Ottoman Empire to fill the ranks of the regular armed forces became more sensitive, mercenary service took on increasingly large proportions.

The *çiflig*

Starting from the second half of the XVI century, the *timar* system entered a period of dissolution. This happened for a number of reasons. The state in the first place began to infringe on the rules of state land distribution in order to appease the high functionaries by giving them possessions in the form of donation. It aimed to turn conditional tenure into private property, or *çifligs*.⁸ The lords aimed to form large agricultural economies predestined to produce primarily for the market. The *çiflig* was formed and developed in two distinct phases. The first spread over the 16th and the 17th century. At this stage, the transfer of private (peasants') and state property to the lords took place, which led to the formation of

8. Pollo and Puto, *The History of Albania*, p. 91; Frasheri, *The History of Albania*, pp. 96–97; Marmullaku, *Albania and the Albanians*, pp. 17–18.

fiefdoms. During this time, the formation of small manors was characteristic. The second phase lasted from the 18th to the beginning of the 19th century. Its main characteristic was the formation of large *çifligs* through the expansion of the most substantial estates or the merging of small ones. The *çifligs* were situated mainly in the coastal lowlands.

Cities, crafts and trade

The establishment of the Ottoman rule was completed only after prolonged and fierce wars, which led to the decline of urban settlements.⁹ The cessation of hostilities ushered the revival of urban communities through the creation of military and administrative centres. These were accompanied by an increase in the demand for commodities, and the need to increase production made it possible for the cities to attract a greater number of workers from the ranks of the peasantry, especially of those who fled the *timars* to escape from the exploitation of the *spahis*. On the other hand, the surpluses – created as a result of the flow of produce from the peasantry to the market, and the obligations in kind, which were accumulated by the *spahis* – poured more and more into the cities. Thus, their population began to increase and the circulation and production of goods augmented. However, due to the still-low rate of economic development, the rate of growth of towns progressed at a relatively slow pace. A part of the human forces, which were separated from the countryside, could not settle in the cities, but took the path of emigration.

9. Pollo and Puto, *The History of Albania*, pp. 91–93; Frasherri, *The History of Albania*, pp. 97–99.

Cities were also commercial centres. In addition to shops, weekly open markets were established for the sale and purchase of agricultural, livestock and handicraft products. Local and provincial fairs, organised on the occasion of religious holidays, played an important role in revitalising the monetary economy. Links between interprovincial markets were generally weak, mainly as a result of high transport costs. Maritime transport, on the other hand, favoured the revival of foreign trade, which was also helped by the conclusion of commercial treaties with Venice, France, the Netherlands and Great Britain, which were guaranteed the freedom of navigation and trade in Ottoman lands. The main items of trade with the West were the sale of agricultural and livestock surplus products, which were not consumed or processed locally. In exchange, industrial articles for production and consumption were bought, among which an important place was occupied by luxury articles, which were mainly bought by the nobility. Merchants were of two sorts: those connected to the domestic market and those who operated outside this market, as itinerant traders or large merchants. Craftsmen consisted of several categories, such as apprentice, journeyman and master. Above the latter were placed the members of the trade corporations. In the course of the 18th century, a stratum of the artisanal and commercial bourgeoisie detached from this group, and began to organise on a capitalist basis. Another category consisted of the inhabitants of the city who were engaged in agriculture. A special layer was formed by the large and medium-sized estate owners, who despite holding their possessions in the countryside lived in cities. Lastly there were the wage labourers, the unemployed, the vagrants, the mendicants.

Feudal anarchy

The process of alteration of state landed property into feudal possessions and the further differentiation within the local feudal class led to the political empowerment of the high feudal lords and, consequently, to the weakening of the central power over them.¹⁰ Needing military forces to withstand internal and external dangers, and having to secure large sums of money to cover ever-increasing expenses, the Ottoman Empire increasingly relied on the most powerful provincial rulers. The sultans were obliged to entrust the most important administrative and military offices to the big local feudal lords, and recognise them officially as notables (*ayans*). Consequently, according to the wealth and military forces at his disposal, each notable had established his influence over a larger or smaller province, where he usually also possessed large tracts of land. Vertically minor feudal lords assembled around the local *ayan*, while outside their province the high notables made horizontal alliances between them. These notables had risen to this social position by becoming large estate owners and chief tax collectors. Differently from the past, the source of their power lay mainly in property and not in the functions given by the sultan. The economic and political empowerment of the *ayan* caste was not accomplished without conflicts with the central government and without fierce and long confrontations within the local elite. These became the reasons why the whole country entered in a lengthy state of anarchy, whose negative consequences were reflected in the economic condition of the population. Feudal anarchy threatened to disintegrate the empire

10. Pollo and Puto, *The History of Albania*, pp. 93–102; Frasheri, *The History of Albania*, 99–113; Marmullaku, *Albania and the Albanians*, pp. 18–19.

from within, forcing the reforming sultans to respond with military campaigns as well as centralising reforms. Through these reforms, in particular the liquidation of the *timar* system and the legal recognition of private ownership of land, as well as with the measures for the reorganisation of the administrative, military and tax system, the Sublime Porte intended to strengthen the central power and restore the supremacy of the Empire. Reforms began to be implemented in Albania as well. They dealt a heavy blow to the old feudal-military stratum, which had been greatly weakened by internecine conflict. The high notables were liquidated or exiled, and their cliques disbanded.

The 19th century and the beginning of the 20th century

The weakening of the Albanian feudal class enabled the bourgeoisie, represented by big merchants and manufacturers, to participate more actively in the economic and political life of the country.¹¹ The expansion of the monetary economy and the dissolution of guild discipline gave an impetus to the increase in the production of artisan workshops. In these workshops, the production process continued to be carried out, as before, with the same hand tools, but now it took on a new socio-economic content. Both the status of labour, as well as the sale of the

11. The treatment of this era is largely based on: K. Frashëri, 'Zhvillimi ekonomik dhe shoqëror i Shqipërisë gjatë shek. XIX-fillimi i shek. XX'. in: *Historia e popullit shqiptar. Vëllimi 2. Rilindja Kombëtare. Vitet 30 të shek. XIX - 1912*, edited by Akademia e Shkencave e Shqipërisë, Tiranë: Toena, 2002, pp. 34-74.

products, no longer depended on guild discipline but on the laws of the free market. The first imported machines for the processing of local raw materials were introduced. In the last decade of the 19th century, the first elements of modern industry appeared. Notwithstanding a more advanced technique, all these factories without exception had a small production capacity and each had a limited number of workers. The main reason for the low level of development of capitalist industrial production in Albania was the low level of demand generated by the impoverishment of the internal market. The main causes were on the one hand the parasitic state fiscal system, on the other the unstoppable influx of foreign manufactured goods. Every year, large sums were collected in the form of taxes and went to Istanbul, while very small amounts (one-fifth to one-eighth) were spent in the country, mainly for sustaining the state administration. The other factor that led to the weakening of the Albanian internal market was the competition of European goods, which, based on the Capitulations treaties, entered Albania with extremely low tariffs. During the second half of the 19th century the volume of imported goods from Europe started to increase, including items that were previously produced by local craftsmen, items that were previously exported. Exports consisted of cattle, few agricultural products and mainly raw materials in their natural state (fur, leather, tobacco, olives, and timber).

The social structure of cities

The new market economy, which appeared in Albania in the course of the 19th century, brought changes in the social structure. On the other hand, the

preservation of the retrograde political superstructure hindered further progress. The main representatives of the latter, the high functionaries of the state administration, the upper layers of the clergy and the powerful feudal lords, separated as before from the sphere of production, continued to damage the population and the state treasury through abuses, speculation, arbitrariness and incompetence. The new social force that arose at this time, the industrial bourgeoisie, had until the end an insignificant weight due to the described unfavourable conditions. With the development of the market economy, another social layer began to appear in the Albanian towns: workers, the wage-earners who toiled in factories, mines, salt mines, ships, sawmills and various workshops.

Land property and agrarian relations

With the abolition of the *timar* system and the official recognition of private ownership of land, *çiflig* ownership was legally recognised by the Ottoman state. The lords gained the right not only to administer, but also to freely expand their property, which moreover came under the direct protection of the state. Islamic and Christian religious institutions also acquired the right of ownership. Consequently, with the dissolution of feudal-military possession, manorial ownership became the main form of land ownership. It was spread mainly in the lowlands, where most of the arable land was located. The vast majority of manor property, about 76% of its area, was privately owned by big landowners, many of whom had amassed it by various schemes over the past two hundred years. It was still concentrated in the hands of a few feudal families. Some of them owned huge

areas, from 10,000 to 30,000 hectares. After the big landowners, the second place was occupied by the state itself, which owned about 20% of the estates. In the third place were the religious institutions, which owned about 4%. Despite the large expansion of manorial land, the number of farmers located in manors was small compared to the potentials. Actually, while manors occupied about 55% of arable land, about 25% of peasant families worked on these lands. More than two-thirds of the manor lands were left fallow.

With the inclusion of land in the circulation of goods, its value as a source of income for the owner was constantly increasing. This had profound consequences for land ownership. The inclusion of land in the trade brought about its fragmentation in the hands of different heirs and then its sale in fragments. This process weakened many of the country's old feudal families. In contrast, those noble families that adapted to the market economy aimed to expand their agricultural lands. The fragmentation of manor ownership through sale and inheritance led to the economic differentiation of manorial property as the number of medium and small manor owners increased next to large owners. But their ranks swelled more with owners who were not of feudal origin, as the lands sold by impoverished peasants, and even some of the lands sold by feudal lords themselves, fell into the hands of city merchants and rich peasants, who in this way turned into small and medium manorial proprietors. Small landowners also benefited from the fragmentation of huge feudal manors. This process was carried out through the purchase of manor lands by the peasants, who became medium and small owners. In the first decades of the 19th

century, manorial property was divided into several thousand large, medium and small proprietorships of feudal, bourgeois and peasant origin. Land had finally entered commodity circulation, and manorial acreage increased or decreased mainly through money.

The development of the domestic market, the growth of the urban population and the expansion of exchange relations with foreign countries quickly encompassed the agricultural production of the manors in the sphere of commodity circulation. The connection of manorial production with the market influenced the cultivation of those agricultural crops which had commercial value. In these circumstances, after the middle of the 19th century, the traditional natural economy disintegrated at a rapid pace. A lesser part of the peasants managed to buy small plots of land joining the ranks of peasant proprietors. However, the number of landless peasants did not decrease, since their ranks were constantly swelled with ruined farmers who, unable to cope with the high costs, sold their lands and moved into the manors as farm workers. Consequently, at the dawn of the 20th century the landless peasants represented approximately 20% of the rural population.

In order to increase productivity, some big landlords began to consider the use of a more advanced technique in agriculture, making efforts to transform manors into modern agricultural farms. But due to the backwardness of the country, the complete lack of roads and the dominant tendency of landlords to ensure the greatest profits through rent, the agricultural modernisation from the top did not take place. Generally, the landlords preferred to deposit their monetary wealth in foreign banks and continue

to manage the manors, as before, without making significant investments.

At the same time, after the middle of the century, a process of economic differentiation took place amongst peasant proprietors. The breakup of the large manorial estates and the proletarianisation of the poorer strata of the rural population created an opportunity for those peasants who had a more consolidated individual economy. These entrepreneurial elements began to rent surplus land from the manors to work partly with family members and partly with wage workers. As such, these simple tenants slowly assumed the traits of the peasant farmer. Peasant farmers, agricultural wage workers and the entrepreneurial landlords arose in the conditions of the further decay of the natural economy and the development of market economy. On the other hand, they were conditioned by low demand and deep backwardness, and remained tied to retrograde forms of agricultural production, having no incentive to adopt the advanced techniques of capitalist agriculture.

At the beginning of the 20th century, the Albanian village was characterised by a whole complex of contradictions. While the main fund of arable land (about 50%) was in the hands of the big landlords, the agrarian producers who worked on these lands (sharecroppers and agricultural workers) represented approximately 20% of the agrarian population. Together with the highlanders, the small and medium peasants made up about 65% of the rural population, while the weight of their agricultural output was, due to the small plots they owned, about 25% of the total agricultural production. Although the economic

life of the village moved towards market economy, the necessary conditions for the development of the agrarian bourgeoisie were missing. The vast majority of the agrarian population had little economic relationship with the market, engaging mostly in subsistence farming.

II.

THE POLITICAL ECONOMY OF TRANSITION

Introduction

Every economic system is composed of a certain level of development of the forces and relations of production. Both the relationship of people with nature and with each other is formalised in a certain institutional framework. It is precisely the different nature of these institutions that distinguishes economic systems both from each other and from their historical predecessors. In its most valuable tradition, the purpose of political economy has been precisely the study of the nature, internal connections and historical evolution of economic systems.¹²

The forces of production consist on the one hand of material objects, raw materials which are the object of human labour as well as the instruments humans use during the production process to transform raw materials into useful objects. In addition, apart from the material element, production forces also include the most important element – human work, both as active energy and as technique, as knowledge accumulated over generations. Relations in production are the

12. O. Lange, *Political Economy: General Problems*, Oxford: Pergamon Press, 1963, pp 1–12.

social relations formed in the production process, relations between people with each other about the objects used in the production process and with their product. Like any other social relationship, these are formalised either in a certain ideological apparatus or in a certain institutional framework.

Our aim is to analyse the development of both production forces and relations in production, of ideology and institutions, during the period between 1990 and 2020. This represents a period of radical change in the economic system, and also a period of radical change in social relations, institutions and dominant ideology.

The history of the Albanian economy until 1991

The history of the Albanian economy shares common elements with the economic history of the neighbouring countries of the Balkan Peninsula. The most obvious feature, which immediately stands out, is the historically low level of development of the relations of production and social productive forces. Many factors are thought to have influenced this outcome. Firstly, geographical and climatic factors: the pronounced mountainous relief of the country and the swampy condition of the lowlands have made the development of agriculture arduous. The lack of roads and means of communication, dictated by the terrain, have affected the isolation of communities and have presented an important obstacle to exchanges. The Mediterranean climate which characterises the western part of the country is dry, while in the

mountainous areas of the east the benefits of the continental climate are prevented by the rugged relief. On the positive side, the geology of the country is relatively rich in minerals, and the geographical position between Western Europe and Asia Minor has been suitable as a passageway for international trade flows.¹³

Secondly, there are specific historical factors. The mountainous relief has served as a barrier to the movement of both people and goods, isolating particular communities and depriving them of the benefits of economic and cultural exchange. The low level of production prevented an increase in the population and the development of more complex class relations, in the absence of an inherent surplus. Therefore, historical change has been mainly a product of external forces rather than a result of internal factors. These external forces, mainly the tributary empires, had an influence on the coastal areas, the lowlands and the river valleys, where the first urban settlements were established. These urban centres had a mainly administrative and commercial character, but there was also an expansion of handicrafts. Empires were mainly interested in geographical position more than in economic resources, so their influence remained limited along the main communication routes. This created a situation of uneven development: on the one hand, isolated highland pastoral communities organised on a tribal basis, and on the other hand, commercial cities and administrative and military centres on the coast and in the river valleys. This situation continued with very small changes until the beginning of the 19th century, when an era of

13. L.S. Stavrianos, *The Balkans since 1453*, New York: New York University Press, 2000, pp. 1–8.

rapid changes began. Firstly, the Ottoman Empire became involved in the network of world capitalist exchanges, initiating a series of changes in both the forces and the relations of production. Secondly, the Ottoman State itself initiated a series of reforms aimed at modernising its structure and relations with the population. These two external forces, capitalism and the modern state, would break the balance of centuries of backwardness. Capitalism would gradually erode the natural economic system in isolated areas as well as the tributary system and that of small market production in the city and countryside. The reforms of the Ottoman state, and later those of independent Albania, would erode both the power of the bureaucratic caste and feudal structures as well as that of the peasant and tribal communities, establishing a direct relationship between the state and individuals.

At the beginning of the 20th century, at the attainment of independence, Albanian society presented the typical signs of a backward social formation. The forces of production were at a very primitive level. The low productivity of agriculture, the pronounced isolation that hindered the creation of the market as well as the predatory and parasitic character of the ruling classes made it impossible to accumulate capital on the scale necessary for investment in production. The means of production and technology were of an extremely low standard. Human capital was also characterised by a lack of improvement, with both demographic problems caused by high morbidity and insufficient qualification due to the almost total lack of a modern educational system. Relations in production were characterised by the predominance of small owners in the countryside and artisans in the cities. The

petty bourgeoisie was mainly of the comprador type, where the main role was played by circulating capital involved to a minimal extent in production. The ruling social positions were held by the class of large landowners and former Ottoman officials, the notables, who tried in every way to maintain their status by hindering further development. The period between the two world wars was characterised by the attempt of the numerically insignificant conservative bloc, consisting of the high comprador bourgeoisie and large agrarian landlords, to maintain their ruling positions against other social strata, mainly the masses of small peasants and artisans under the leadership of the intellectual stratum.

A brief look at the economic structure of the period between the two world wars immediately highlights the low level of development. The gross national product (GNP) per capita was one-tenth of Western Europe and one-fifth of the second poorest country in the region, Bulgaria.¹⁴ The vast majority of production, or 93%, belonged to the agricultural sector, while industry and services accounted for 4% and 3% respectively.¹⁵ Exports were one-tenth of imports.¹⁶ This trade deficit was covered by state debt, the export of precious metals, and the remittances of many immigrants. The vast majority of imports consisted of food commodities that could very well be produced domestically. Exports consisted mainly of skins, olives and olive oil, wool and minerals. The low productivity of agriculture and the lack of a processing

14. Michael Kaser, 'Economic Continuities in Albania's Turbulent History', in: *Europe-Asia Studies*, Vol. 53, No. 4, 2001, p. 628.

15. I. Hashi/L. Xhillari, 'Privatisation and Transition in Albania', in: *Post-Communist Economies*, Vol. 11, No. 1, 1999, p. 101.

16. A. Calmes, *The Economic and Financial Situation of Albania*, Genève: Impr. A. Kundig, 1922, pp. 15-19.

industry were the main causes of this. In the absence of agricultural productivity, only foreign capital could influence the establishment of an industrial base in the country. Yet foreign investments were concentrated in the extractive sector, not in the processing part. The lack of development of the agricultural economy was caused by several structural factors: the lack of a road system, the mountainous relief and the marshland condition of many lands, the fact that most rural producers were self-sufficient interacted little with the market, so there was no incentive to increase production, manorial ownership of the most productive lands, rural overpopulation that led to the extreme parcellisation of agricultural land, the lack of financial institutions that would enable credit, as well as state development policies. Domestic capital was thus not channelled towards production but towards imports and non-productive expenses. The great global economic crisis of 1929, which led to a drastic drop in the prices of agricultural products, deepened this backwardness even more, thus intensifying the social conflicts during the Second World War.

The Italian occupation of Albania during the Second World War constitutes the first moment when genuine economic development policies were undertaken through large-scale investments. Italy invested both in improving port and road infrastructure for military purposes, in land reclamation and increasing agricultural productivity. Industrial investments were concentrated, as always, in the extractive industry, as raw material for the needs of Italian industry.¹⁷ The character of these policies was colonial, similar to the policies undertaken by other great powers. Despite the damage caused by the war, road infrastructure

17. A. Rosselli, *Italy and Albania: Financial Relations in the Fascist Period*, London: I.B. Tauris, 2006, pp 122–124.

and reclamation played an important role in the further development of the Albanian economy.

With the coming to power of the Stalinists in 1944, the most intensive effort to develop the economy from above began. The method followed was the classic Soviet one of accumulation through a state plan aiming at investing one-third of social production in the means of production. What differentiates the effort of the Albanian Stalinists from similar cases is the pronounced dogmatism in the implementation of the Soviet model, without the necessary flexibility towards the concrete domestic conditions. Both the agrarian policy, through an extreme collectivisation drive, and the industrial policy, with an emphasis on establishing heavy industry and autarky, would cost numerous sacrifices, without achieving their goals.¹⁸

The crucial – and also the weakest – point of the economic policies was the agriculture. After an agrarian reform that aimed to legitimise the new government, a gradual collectivisation programme was launched, which in 20 years would also include the mountainous areas. Gradually, small private farming for members of co-operatives was also banned, a unique instance in all Soviet models. In addition to the co-operatives, about one-third of the agricultural production was covered by state agricultural enterprises. At the end of the 1980s, agricultural land consisted of about 700,000 hectares of fields and about 400,000 hectares of pastures. About 100,000 hectares of hilly land were used for fruit-bearing trees, mainly olive trees. In the extensive aspect, the regime continued the projects started by

18. The best work on Albanian Stalinist economy is A. Schnytzer, *Stalinist Economic Strategy in Practice. The Case of Albania*, Oxford: Oxford University Press, 1982.

the Italians by reclaiming, deforesting and setting up irrigation systems. As a result, the area of agricultural land was doubled compared to the pre-war period. As in any Stalinist-type economy, there were difficulties in increasing production and in the productivity of labour in agriculture. This happened because even if the area of the fields doubled, the population tripled, making the development of intensive agriculture a necessity. To this should be added the need for agricultural raw materials of the new industry as well as the need for livestock fodder. The regime used the tools characteristic of Soviet regimes to try to increase agricultural productivity. First, economies of scale were created through amalgamation, and agricultural production was subjected to plans. Secondly, it was invested in the establishment of chemical industry aimed at the production of fertilisers. Thirdly, MTSs (Machine tractor station) were established to mechanise production. These policies produced results, but essentially failed in their primary objective: increasing productivity. Productivity increased by 1% per year in the first decade of collectivisation, fell by -0.2% in the second decade and by -2% per year in the last decade. The main reasons for the failure are: the dogmatic implementation of the collectivisation process by the bureaucratic state apparatus, the passive opposition of the peasantry and the lack of necessary investments. As many scholars of Stalinist systems have pointed out, collectivisation represented an economic exploitation of the peasantry by the state through low prices paid for state requirements. This caused the demoralisation and passive resistance of large sectors of the peasantry. Passive resistance in the form of avoidance or neglect is directly apparent if one looks at livestock production figures. Both the first wave of collectivisation in the 1950s and

the second wave of extreme collectivisation of livestock in the 1970s led to the mass slaughter of livestock by the villagers. Livestock production of collectivised livestock remained very low both due to the pronounced lack of fodder and insufficient care by the members of the co-operatives. In the 1980s, this caused an increase in the population beyond the possibilities of livestock production, significantly reducing per capita consumption.

	1960	1970	1980	1988
Total employment	384	663	999	1320
State sector	202	392	622	811
Agriculture	213	346	513	682
Industry	58	127	218	302
Construction	44	66	91	92

Figure 1: workforce employment statistics 1960–88 (in 000).¹⁹

19. Per Sandstrom and Orjan Sjoberg, 'Albanian Economic Performance: Stagnation in the 1980s', in: *Soviet Studies*, Vol. 43, No. 5, 1991, p. 936.

Like all Stalinist regimes, the Albanian also attached great importance to the development of industry, where the vast majority of investments were made.²⁰ This policy would produce a diversified industrial sector in the 1980s that would cover 40% of total production and employ 25% of the labour force, but which, like any other industry of the Soviet model, would also be characterised by inefficiency and outdated technology. In the last decade, emphasis was placed on producing minerals for export and on the production of spare parts. The industrial structure included food industry (25%), light industry (16%), mineral industry (15%), mechanical industry (15%), energy industry (10%) and chemical industry (5%). The food industry was based on a variety of small cereals, meat and dairy processing plants. There were also several factories for the processing of sugar, tobacco and edible oil. Light industry was mainly based on a few textile and leather processing plants, wood processing plants and bicycle production plants. The mechanical industry produced mostly spare parts, but also tractors for agriculture. The mineral industry represented the most successful sector in terms of export income. Its structure consisted of chrome mines (one million tonnes in the 1980s), coal mines (two million tonnes in the 1980s), ferronickel and copper. The main problems in this sector were the need for greater investment to cover some of the high extraction costs and inappropriate processing of minerals. The coal was also of the low-carbon lignite type mainly used for heating. The energy industry was based on the oil and gas extraction, the processing industry and the hydropower industry.

20. Charles Sudetic, 'The Economy', in: *Albania. A Country Study*, edited by Raymond E. Zickel and Walter R. Iwaskiw, Washington DC: Federal Research Division, Library of Congress, 1994, pp. 140–150.

The oil extraction industry reached its peak in the 1970s with two million tonnes of crude oil and 500 thousand cubic metres of gas production per year. A processing refinery with Chinese technology and a capacity of 500,000 tonnes per year was also built. Here too, as in the case of the mineral industry, large investments were needed for the exploitation of deep reserves. The hydropower industry was based on several hydropower plants in the north of the country with a total capacity of 4,000 Mwh and a distribution network of 30,000 kilometres. The chemical industry was mainly focused on the production of fertilisers for agriculture and mineral processing, as well as two factories for the production of plastic and rubber. The regime also tried to establish a metallurgical industry, building a mega-metallurgical plant in the 1970s, but the results in this sector were far below expectations both in terms of revenue and product quality. The construction industry was based on both local construction companies and several factories for the production of building materials, cement and bricks. The transport industry consisted of road, rail and sea transport. About 60% of the transport was carried out by a fleet of about 15,000 trucks on a land network of 6,000 km of paved roads and 15,000 unpaved ones. The railway network of 500 km covered 40% of the total transport. The sea fleet of about 56,000 tonnes covered the transport of foreign trade goods.

The weak points of the Albanian industrial system can be clearly identified in some structural elements. First, the autarkic approach, which could be applicable in the Soviet Union or China, was hardly implementable in a small country like Albania. The technology imported from abroad, especially that donated by the Soviets, was outdated, surpassed even in the 1950s. Another major problem was the lack of production knowledge

and organisation, both in terms of management skills and lack of qualified specialists and workers. Poor co-ordination between managers, as well as the hoarding of industrial inputs by individual managers, often caused blockages in the supply of spare parts and raw materials that led to frequent stoppages of the production chain. In order to achieve the objectives of the plan, managers hired more workers and consumed more inputs than needed, thus reducing overall output. Yet the biggest problem – just as in agriculture, though on a lower scale – was the passive resistance of the workforce to the party and economic bureaucracy. This aspect was evident in low work discipline and production rates. High absenteeism, time waste, and frequent changes of workplace were tolerated as a political necessity. Even the low level of minimum labour rates, generally 70% of what they should have been, showed the strength of the workshop against the cadres, but costing society a waste of 30% of the labour factor. Even these low rates were not met by 10%–20% of the workforce. All these problems limited both the increase in productivity and the quality of the products.

	1951 -55	1956 -60	1961 -65	1966 -70	1971 -75	1976 -80	1981	1982
Net material product	11.2	7.0	5.8	9.1	6.7	N/A	N/A	4.5
Gross industrial product	21.5	18.9	8.0	13.4	11.2	6.1	6.5	4.7
Gross agricultural product	4.8	0.6	6.2	4.1	5.8	3.9	7.2	5.0

Figure 2: economic growth of Albania, 1951–82 (average annual percentage rate).²¹

21. Michael Ellman, 'Albania's Economy Today and Tomorrow', in: *The World Economy*, Volume 7, Issue 3, 1984, p. 334.

The central problem with productivity inevitably affected the level of wages and prices and the standard of living of the mass of the population. This constituted a delicate matter of great political and ideological relevance, precisely because the primary objective of the socialist economy was to increase the well-being of the masses, an important element of the regime's legitimacy. In the standard of living, a fundamental distinction must first be made between the incomes of employees in the state sector and those of the cooperative sector. This is because the incomes of the urban workers were on average several times higher than those of the co-operative peasants. The Albanian Stalinist state subsidised the prices of food, housing, education, health and basic social services. Excluding isolated periods of supply crises, consumers had ready access to carbohydrate-based foods (bread, pasta, rice, potatoes). Yet, especially in the last decade, there were pronounced shortages in protein (meat, dairy) as a result of low livestock production. In textile and shoe production, only children's clothes were subsidised by the state, while those for adults were sold at prices above cost. Thus, a shirt, blouse or a pair of shoes cost an average of three to six days' work of a worker and two weeks' work of a co-operative peasant. Durable and technological goods were sold at relatively high prices. So, for example, a bicycle cost half of a worker's monthly salary, while a television set cost 80% of the annual salary. The lowest prices were for the housing: the monthly cost of renting a modest apartment for families was one-tenth of a worker's daily wage. In addition to subsidising general prices, the Albanian Stalinist system subsidised nutrition for the workers in enterprise restaurants with one-third of the price; care for minors with two-thirds of the price, and offered free health care, education and social cultural services. Up to a quarter of the state budget was spent for these services.

The fall of the Stalinist regime and the first transition period

Between 1990 and 1992, an economic crisis of very serious proportions hit the Albanian society. The economic crisis preceded, accompanied and deepened further as a result of the political crisis of the regime. During this period, total production dropped by 50%, industrial production by 80% and agricultural production by 30%. Unemployment reached 40%, inflation 240% and the public deficit toed 50% of domestic production. A crisis of this magnitude, the most severe of the transitions in Eastern Europe, was handled only thanks to mass emigration, humanitarian aid and credits from the Western countries. Understandably, the crisis also produced a marked weakening of state authority and official ideology. The entire social structure was involved in a whirlwind of systemic change that would affect the developments of the following three decades. The Stalinist regime, which until the last seemed as made of concrete, would crumble with unpredictable rapidity and ease. One of the most important issues facing the researchers is undoubtedly the understanding of the causes and dynamics of these developments.

If we focus on the causes first, they must be sought in the Albanian Stalinist economic system, but external causes also had a role. Throughout the last decade of the bureaucratic rule, the Albanian economy went first through a period of stagnation (1980–85) and later through a period of gradual decline (1985–90), before collapsing completely in the early 1990s. So, if in the 1950s the economy had grown by 8.2% on average every year, in the following decade by 6.2%

and in the 1970s by 5.1%, in the last decade, that of the 1980s, the economic growth would be only 1.5%. Furthermore, in the last three years of the decade, economic growth would turn negative. The causes have been identified by specialists in some structural aspects,²² the decline in the marginal productivity of capital, first and foremost. Although the regime continued in the 1980s to invest over 30% of the total income, the growth of the economy, as noted, was only 1.5%. The paradox can be explained if one considers the decline in labour productivity, which fell by 15% during the decade. In the 1980s, natural population growth increased the labour force by 30%.

22. Gramoz Pashko, 'Problems of the Transition in Albania, 1990-94', in: *Problems of Economic and Political Transformation in the Balkans*, edited by Ian Jeffries and Alin Teodorescu, London: Pinter, 1996, pp. 63-67.

	1961-70	1971-80	1981-88
Net material product (NMP)	7.4	4.6	1.7
Global social product (GSP)	8.3	5.4	2.2
Population	2.9	2.3	2.0
NMP per capita	4.4	2.2	-0.3
Gross industrial production	9.8	7.5	2.8
Labour productivity	1.5	1.8	-1.3
Gross agricultural production	6.0	3.8	1.5
Labour productivity	1.0	-0.2	-2.0
Freight transport	9.0	6.7	0.8
Gross investment	8.4	3.9	1.5
Retail sales*	5.7	4.6	3.4

Figure 3: key macroeconomic indicators 1961-1988 (average annual increase in %).²³

23. Sandstrom and Sjöberg, 'Albanian Economic Performance', p. 937.

Due to the regime's concern to keep unemployment at 0%, both over-employment and a culture of low work discipline were tolerated. This created a serious decline in labour productivity. Funds for salaries were thus inflated, consuming a considerable part of the investments. The regime tried to compensate for the decrease in labour productivity by increasing investments in capital assets, resulting in a decrease in the marginal productivity of capital. The high rate of depreciation of the existing capital, at 4% per year, was also a burden for the investment fund.

Another major cause, this time of an exogenous nature, was the drop in export income. The Albanian economy mainly exported minerals and energy, and the drop in the prices of the latter on the world market during the 1980s created a trade deficit that made it impossible to import many spare parts, machinery and raw materials for the industry. Also, at the end of the 1980s, the economic crisis of the Socialist Bloc as well as the economic and political crisis of the Socialist Federal Republic of Yugoslavia, the main importers of Albanian exports, almost completely closed these markets to Albanian producers. Agricultural production suffered a decline both as a result of the extraordinary drought and as a consequence of the serious decline in livestock production, owing to dogmatic policies during the 1970s. In order to cope with the trade deficit, the Government had to ask for loans in the West, but the Constitution of 1976 prohibited such a thing. Shortages of spare parts and raw materials for the industry caused production to stop in many sectors of the industrial chain. This further worsened labour discipline while the regime, for fear of political unrest, continued to pay wages by

	1987	1988	1989	1990
Exports, fob	100.3	106.6	132.7	123.0
Imports, fob	99.3	141.4	223.6	232.6
Trade balance	1.0	-34.8	-90.9	-109.6
Services balance	-0.1	4.3	9.9	-0.4
Current account	7.8	-23.5	-70.4	-95.1
Capital account	-3.6	9.8	14.8	56.6
Overall balance	14.0	9.1	-57.2	-23.9

Figure 4: foreign trade, 1987-90 (in millions of US dollars).²⁴

financing enterprise losses through the budget. Belatedly realising the impasse the economy was heading to, the top Stalinist leaders began to undertake some structural changes, but it was too late to avoid the consequences.

It was during this period that major changes began in the countries of Eastern Europe, that eventually led to the collapse of the socialist camp. When a 24. Anders Aslund and Orjan Sjoberg, 'Privatisation and Transition to a Market Economy', in: *Albania. Communist Economies and Economic Transformation*, Vol. 4, No. 1. 1992, p. 141.

political bloc composed of intellectuals and urban workers began openly demanding radical economic and political changes, following the model of other ex-communist countries, the regime did not resort to repressive measures. Caught between an acute economic and political crisis within the country and the liberalisation wave that had swept all the Soviet-type systems in Europe, the regime decided to retreat and concede. This emboldened the urban masses who, through strikes and demonstrations, turned the tactical retreat into a rout. As the left regrouped on a social democratic basis in the Socialist Party, a coalition government took power in the summer of 1991.

The coalition government, composed of exponents of both the opposition and the Socialist Party, initiated reforms aimed at the transition from a Soviet-type economy to a capitalist-type economy.²⁵ These measures took four main directions. Firstly, the internal economy had to be liberalised by bringing into play the rules of the market economy: demand and supply had to be allowed to determine the prices of factors and products. Secondly, the economic relationship with the outside world had to be liberalised, abolishing the state monopoly in this direction. Thirdly, the state had to be stripped of its economic assets; social property had to be privatised. The task of the state would be limited to the establishment of suitable institutions for the new economic system. Finally, macroeconomic

25. The best sources on transition in Albania are A. Clunies-Ross and P. Sudar, *Albania's Economy in Transition and Turmoil, 1990-97*, Aldershot: Ashgate, 1998; Pashko, 'Problems of the Transition in Albania', pp. 63-82; Hashi and Xhillari, 'Privatisation and Transition', pp. 99-125; D. Vaughan-Whitehead, *Albania in Crisis: The Predictable Fall of the Shining Star*, Cheltenham: Edward Elgar Pub, 1999; Aslund and Sjoberg, 'Privatisation and Transition', pp. 135-50.

stability had to be maintained in spite of these major changes. While the country was in an acute economic and political crisis, the coalition government, which also suffered from the fact that it lacked electoral legitimacy, had to undertake the most profound reforms in half a century. This contradiction, between the radical mission and the weak political authority, would cause its downfall after six months and the coming to power, in the spring of 1992, of the anti-communist opposition, with the main force being the Democratic Party.

The process of liberalisation in relation to the outside world started precisely under the coalition government with the opening of the domestic market for foreign goods, with the only obstacle being customs tariffs. This quickly caused foreign goods to saturate the domestic market. Foreign enterprises were also allowed to operate in the Albanian market without obstacles, with the same legal status as local operators. The main objective was attracting foreign investment as the only possibility of high-scale capital investment. A more complex process was the liberalisation of the internal market. Some of the measures were taken immediately, while others were postponed. First, state subsidies for enterprises had to be removed, a process that was carried out without many obstacles. As a result, unemployment soared, forcing one-third of families to apply for social welfare. The only exceptions were state companies operating in healthcare, education, utilities, and the major financial institutions. Industrial input prices were also liberalised as early as November 1991. Price liberalisation in agriculture was a process initiated by the Stalinist regime before the political movement for democratisation. Realising the short-sightedness of

their dogmatic policies, in the late 1980s the senior Stalinist leadership tried to implement reforms similar to those in China at the end of the 1970s, expanding private gardens and allowing independent production for the market. What began as a concession from above would continue spontaneously with the collapse of state authority in the spring of 1991. The peasantry not only refused to fulfil its obligations to the state, but also divided the co-operative lands among themselves, while selling all the surplus production on the market. In the following four years, in spite of the migration and emigration of labour force from the countryside, the destruction and depreciation of a good part of the infrastructure, and the total lack of state support, agricultural production exceeded the record achieved under the extreme collectivisation system of the 1980s by 50%.

This historical detail helps not only to realise the major mistake in the form of dogmatic agricultural policies, but also invites comparisons with the Chinese model. Thus, it is not difficult to assume that if the liberalisation policies had been implemented a decade earlier, the communist economy would not have degraded to the extent it did at the end of the 1980s. If the liberalisation of the prices of non-essential goods was completed in 1992, price liberalisation of essential goods – staple foods, urban transport, electricity and oil – was extended throughout the first half of the 1990s. Even afterwards, the state continued, and still continues, to subsidise to a lesser extent the price of electricity and urban transport for consumers. Liberalisation continued with the price of labour, limiting it only with the existence of a legally-mandated minimum wage. The last step was the complete liberalisation of finance, interest rates and currency exchange, under

the supervision of the State Bank. Liberalisation was carried out at a high speed compared to other countries in transition, later taken as an example by neoliberal international economic institutions, such as the International Monetary Fund and the World Bank. As we will see later, extreme liberalisation and the lack of regulation by the state led to the severe economic and political collapse of 1997.

The process of privatisation of state assets started in the spring of 1991 with the transfer of ownership of shops and small service units to their employees. About 15,000 units were thus privatised. The second major step was the privatisation of agricultural land. This process was formally carried out through legislative action in the summer of 1991 by the coalition government. In fact, the law merely recognised the spontaneous division of lands that had taken place on a massive scale during the spring of that year. The land of co-operatives and agricultural enterprises was distributed to 450,000 rural families based on the number of members per family. The third major step in terms of privatisation was the transfer of ownership from the state to the residents, against a minimum payment, of over 230,000 urban apartments in 1992 and 1993. These three measures constituted a strategic policy pursued by the new political establishment. Thus the totality of the population (in 1989 Albania had about 670,000 families) gained a family house property, becoming 'stakeholders' in the new order. The move aimed at gaining public support for further continuation of policies establishing a market economy. Compared to the privatisation of housing, land and small service units, the process of privatisation of medium and large enterprises was much more complex and protracted, as well as

less democratic. The Albanian state used several privatisation strategies. First, the National Agency for Privatisation was created to oversee the process. The privatisation methods that were used ranged from tender sales to providing the population with privatisation vouchers that quickly accumulated in a few hands for a fraction of their value, as well as direct negotiations with strategic investors. Over the years there were multiple cases of favouritism and sale of assets below value. The still ongoing process, led to almost total privatisation of state industries. Strategic enterprises were privatised by large investors, mostly foreign, through negotiations or by tender. This is how the banking and insurance systems were privatised: the National Commercial Bank – sold to the Turkish corporation Çalik-Seker Konsorsiyum Yatirim A.S. (2000); the Savings Bank – sold to the Austrian corporation Raiffeisen Bank (2003); the Institute of Social Security – INSIG – sold to the Albanian corporation EUROSIG (2016); state enterprises in the field of telecommunications such as Albtelekom and AMC – sold respectively to the Turkish corporation Cetel Telekom (2007) and to the Greek corporation Cosmote Telenor Consortium (2000); oil extraction and processing enterprises, electricity production and distribution enterprises, Ulëz Shkopet Bistrica – sold to the Turkish corporation Kurum International (2013), OSHE– sold to the Czech corporation ČEZ Group (2008). From 1993 to 2010, the privatisation process generated only \$900 million for the state budget. The most valuable assets of the national economy were thus privatised far below their real value, due to the high level of corruption among public officials.²⁶

26. <https://ndiqparate.al/?p=6517>

The stabilisation process was carried out following neoclassical policies aimed at reducing inflation and the budget deficit. Although the state's income suffered as a result of massive fiscal evasion and smuggling of goods, the lack of state investment and the reduction of expenditure counterbalanced these effects. On the other hand, the trade deficit, where the value of imports was three times that of exports, was balanced through the large influx of remittances from emigration, state borrowing and small size foreign investments. Macroeconomic policy was significantly assisted in this direction by the mass emigration of labour forces to the neighbouring countries or Western Europe. About 500,000 Albanians emigrated during the 1990s, mostly to Greece and Italy, a figure that constituted about 35% of the labour force. This not only eased considerably the problem of unemployment, thus alleviating the weight to public welfare, but also produced the phenomenon of remittances that were a decisive contribution to the economic stability in this period. It is enough to mention that in 1993 the remittances constituted as much as one-third of the total national income. The creation and functioning of institutions appropriate for the new market economy constituted the principal failure of the transition process. This was universally revealed with the bankruptcy of the Ponzi schemes in 1997 and the political chaos that followed. The circumstance proved that excessive liberalisation, if it can generate momentary economic growth, quickly backfires when regulatory institutions do not exist or do not act. If until 1997 Albania was cited as a model of success by neoclassical economists, the crisis of 1997 proved accurately the consequences of shock market reforms.

	1938	1950	1989	1992	1994	1995	1996
Agriculture	93.1	73.2	32.7	52	55.5	55.8	55.4
Industry	3.8	7.0	44.6	25	12.6	21.4	21.1
Construction	0.8	3.1	6.4	7.6	9.5	-	-
Services	2.3	16.7	16.3	15.7	22.4	22.8	23.5
Total	100	100	100	100	100	100	100

Figure 5: sectoral distribution of output (1938–96).²⁷

An analysis of the results of the liberalisation and privatisation processes of the 1990s²⁸ highlights some features typical of the Albanian case and some others observed in comparable cases as well. First, similarly to Poland and Slovakia, the Albanian economy began to recover quickly after the drastic decline of the first two years. In 1996 the overall production reached the level of the 1980s. Even after the chaos of 1997, when there was a 10% drop in production, the recovery in

27. Hashi and Xhillari, 'Privatisation and Transition', p.101. IS THIS A BOOK OR AN ARTICLE? IF BOOK, DELETE QUOTES, ITALICISE TITLE

28. The analysis of the results of the process of transition in the 1990s is based on: A. Clunies-Ross and P. Sudar, *Albania's Economy in Transition and Turmoil, 1990–97*. Aldershot: Ashgate, 1998, pp. 15–30; Gramoz Pashko, 'Problems of the Transition in Albania, 1990–94', in: *Problems of Economic and Political Transformation in the Balkans*, edited by Ian Jeffries and Alin Teodorescu, London: Pinter, 1996, pp. 67–75.

the following two years was also rapid: 8% in 1998 and 12% in 1999. This outcome was affected by some specific features of the Albanian case. First, the high rate of immigration reduced unemployment, while remittances and later small-scale investment kept domestic demand high and balanced the trade deficit. According to IOM, between 1989 and 2001, 20% of the population emigrated from the country.²⁹ No other country in transition had such a rate of emigration, with the exception of Moldova, and Bosnia and Herzegovina with its inter-ethnic problems.³⁰ Secondly, agriculture, which during the 1990s was the real engine of growth. Agriculture would double production during the first decade of transition, an increase of over 10% per year on average. This was achieved even though the labour force was reduced as a result of emigration and migration to the cities. Because agriculture during these years accounted for more than 55% of the total production, it took most of the credit for the total increase in production. This growth, more than the merits of the liberalising policies of the transition, was evidence for the bankruptcy of the policies followed by the Stalinists in this area, keeping agricultural production well below its productive potential. The change in cultivation, from cereals and cotton to vegetables and animal feed, as well as the motivation that the peasantry received from the end of the exploitative collectivising system are the main factors explaining this increase. On the

29. <https://albania.iom.int/migration-and-albania>

30. Ruben V. Atoyan, Lone Engbo Christiansen, Allan Dizioli, Christian H. Ebeke, Nadeem Ilahi, Anna Ilyina, Gil Mehrez, Haonan Qu, Faezeh Raei, Alain P. Rhee and Daria V. Zakharova. *Emigration and Its Economic Impact on Eastern Europe*. International Monetary Fund 2016, pp.8-16. <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Emigration-and-Its-Economic-Impact-on-Eastern-Europe-42896>

other hand, after reaching its productive potential, small-scale agriculture no longer experienced rapid growth. This is mainly because land parcelling, damage to agricultural and agro-technical infrastructure as well as insufficient state support hindered further development. The increase in agricultural production in the last two decades is mainly the work of a few enterprises with a concentration of land under cultivation and a high level of capital. Another factor that differentiates the Albanian case from the most successful transition models in Central Europe is the lack of massive foreign direct investment. Foreign investment in the first decade of the transition as a whole did not even constitute 5% of the GDP. The size of these investments was also very small. Half of them had the initial capital of \$1,000, while 95% did not exceed \$100,000. Even more important was the sectoral concentration of these investments, mainly in trade, construction and manufacturing. The concentration in the trade sector attests that the objective of foreign capital was the distribution of their goods in the Albanian market more than in production. Even in the manufacture sector, the foreign investments of this period did not aim to use local resources with the intention of producing for export, but of producing for the Albanian market. In the absence of significant foreign investment, its role as a main means of accumulation and source of capital would be occupied by criminal activity, which in terms of percentage of GDP constituted a peculiar feature of the Albanian case. Such a share of criminal activity inevitably had long-term negative consequences for the country, especially in terms of damage to public institutions through corruption and private economic institutions through the laundering of money derived from criminal activity.

In industry, similarly to other countries in Eastern Europe, a process of deindustrialisation took place. The industrial sector that until 1990 accounted for over 45% of GDP at the end of the decade accounted for only 10%, and was surpassed by construction. There was also a structural change within the industry, where only the electric power and part of the extractive industry managed to survive, while the bulk of the textile industry was degraded to small textile and leather processing units, producing for export and characterised by labour-intensive production and low fixed capital. Industrial food production was disintegrated into thousands of small enterprises, while the mechanical and chemical industries disappeared completely. There was growth, especially starting from 1999, in the construction industry,³¹ which turned into the engine of economic expansion in the following years. The features of the new industrial panorama were the absence of large manufacturing plants and the modest level of fixed capital. Apart from the shoe and garment industry (textiles and footwear, 60% of exports), and the mineral industry (20% of exports), no branch of Albanian industry had significant export levels. In the processing industry, just as in agriculture, a distinguishing feature was the small scale of production units and the small amount of capital investments. The small scale was dictated both by psychological factors and by lack of capital. After decades of working in groups on construction sites, fields and large factories under the guidance and command of central planners, Albanians became entrenched in small-scale individual entrepreneurship. Lack of capital was also a factor. Public investment

31. For an exhaustive analysis of the Albanian construction industry, see: *Revista Monitor*, Nga erdhi rritja e ndërtimit, 01/10/2021, <https://www.monitor.al/nga-erdhi-rritja-e-ndertimit-2/>

during the last three decades was no more than one-third of private investment, and was also affected by abuse and the corruption of officials.

During the last three decades, the Albanian state has never tried to play an active role in the development of the economy, and it has been content with trying to create optimal conditions for private investment, especially foreign, but without much success. As for private investment, foreign direct investment, as mentioned above, was very small during the first decade of transition, even exceeded by aid and grants from Western institutions. Foreign investment was also concentrated in trade and services, with only a smaller part being invested in industry. An influx of investment in the processing industry, the strategic path of sustainable growth, did not take place on a significant scale during the three decades of transition. The investment in the textiles and footwear was characterised by an emphasis on labour intensity in relation to fixed capital, distinguished by low added value. The only industrial sector that saw major improvement during the three decades of transition was construction, which went from 3% of GDP in 1990 to 11% of a larger GDP in 2020.

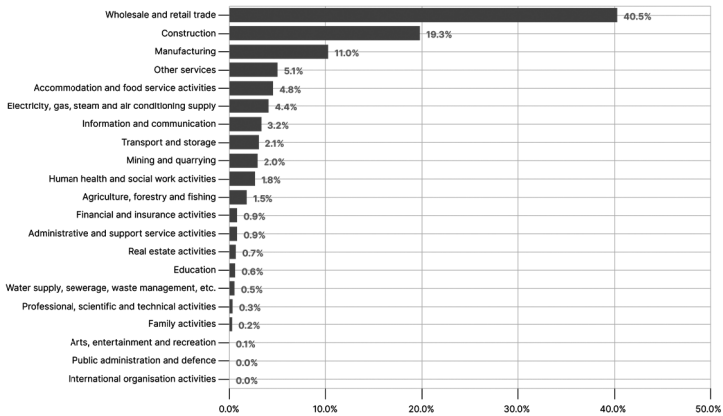


Figure 6: credit to economy 2021.³²

The Albanian economy in the first two decades of the 20th century

The end of the 1990s largely marked the end of the transitional process from the Stalinist economy to a capitalist economy. With the exception of public health and education, as well as a few basic consumer goods such as electricity and bread, the prices of products and factors of production were entirely determined by the market. Foreign trade was free, as was foreign exchange. Apart from a number of strategic enterprises that were state monopolies, all other state-owned enterprises were either privatised or closed as a result of price liberalisation. The vast majority of production and employment was covered by private enterprises. Agricultural land had also become a commodity, removing all legal barriers

32. Bank of Albania, March 2022, https://www.bankofalbania.org/Botime/Botime_Periodike/Raporti_Mujor_Statistikor/Raporti_Statistikor-mars_2022.html

to sale. The state had completely abandoned the leading and planning role in the economy, giving way to market forces. Of course, important reforms still remained to be carried out, especially in terms of the establishment and operation of institutions that had to adapt to the new economic reality. Even in terms of worldview and ways of behaving, elements of the past still remained, but changes in this direction needed more time than a decade.

The period between 2000 and 2020 can be divided in two parts in terms of economic growth. First, there is the period characterised by high growth between 1998 and 2009. After the 2008 global financial and economic crisis, followed a second period, between 2010 and 2020, characterised by a significant decrease in the rate of growth and an increase in inequality. The golden period of the first decade of the 21st century was driven by remittances, exports of raw materials, construction and services. Remittances, which averaged 20% of GDP during this period, boosted domestic demand for goods, services and residential buildings. The increase in demand encouraged investments and raised wages. Rising incomes led to a growing demand of services, which from this period onwards constituted the main sector of the economy. The period is also notable by the fact that the distribution of economic growth was more equal, mainly as a result of the increase in real wages, a fact which is clearly reflected in the decrease in the poverty rate, from 25% to 12%. The world economic crisis of 2008, especially the economic crisis in Greece, had a negative impact on the level of remittances and exports. This created a significant drop in demand. Many emigrants³³ to

33. 180,000 from 2010 to 2015, according to statistics. See: <https://www.monitor.al/180-mije-emigrante-jane-kthyer-nga-greqia-5-vitet-e-fundit/>

Greece returned to Albania, leading to an increase in the unemployment rate. The decline in the level of public income led the state to choose the short path of public debt, entering a spiral that would later force it to cut social spending. Tourism, agriculture and energy production, which were seen as the most promising branches for sustainable growth, failed to increase their contribution to the overall production. Labour productivity did not increase as well, due to insufficient investment in human capital and the low level of innovation. Foreign direct investment also shrank as a result of the global crisis, and some shoe and garment manufacturers moved to countries with lower labour costs. However, it is worth mentioning that even during the peak of the global economic crisis, the Albanian economy was the only one in the region that did not experience a contraction in production, and in its weakest year in these two decades, 2013, it achieved an economic growth of 1.6%. During this period, the aspect that stands out is the appearance of communication and information technology industry (ICT), which is expected to play an important role in the future.

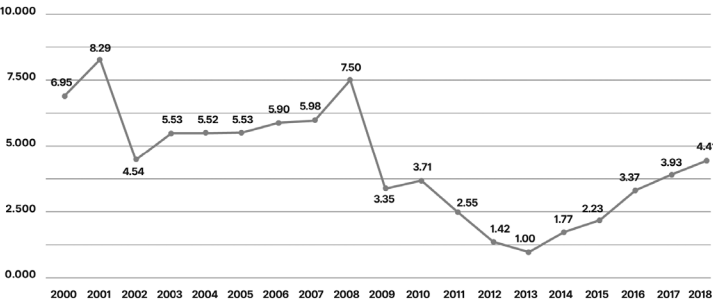


Figure 7: economic growth rate over time.³⁴

34. International Monetary Fund, World Economic Outlook Database, April 2016. https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/ALB?year=2022

If the analysis of the economic structure of Albania after three decades of capitalism shows traits of continuity on the one hand, on the other hand it also highlights novel elements. Total gross domestic product in 2019 was \$15 billion or \$5,000 per capita. Over 55% of this value was added by the service sector, 20% by industry (half of which is covered by the construction industry), and 20% by agriculture. Trade, tourism and travel, as well as accommodation and food, make up the vast majority of the services sector, followed by transport, financial services and leisure activities. Information technology and communications make up only a very low percentage. The strategy widely followed today has given priority to the development of the tourism sector and not to ICT, the sector which in perspective is much more promising in terms of productivity. Of course, such a choice is dictated by the insufficient level of human and material capital, as well as wider social conditions. The manufacturing industry accounts for only 6% of GDP, while construction accounts for 11%. The mineral and electrical industries jointly account for no more than 5% of the added value. During these two decades, construction and not manufacturing has been the propellant force not only of industry but of the entire economy. Of course such a path does not promise a sustainable growth, thus the main challenge remains the progressive development of manufacturing, especially aiming at export. Major investments are needed to increase labour productivity, both in professional training and in means of production. The mineral and electrical industries also need major investments to exploit their respective potentials. In this regard, large Western corporations are needed in terms of resource utilisation, especially in hydroelectricity, solar and wind energy. Agriculture

remains undoubtedly the most backward sector of the Albanian economy. Although it occupies over 36% of the labour force according to statistics, it produces only 20% of the total production. The causes of this backwardness are, as we have emphasised above, structural and multiple: geographical, historical and political. The fragmentation of land ownership in 1991 – in order to secure the support of the peasantry for the new capitalist social formation – forms the basis of the current structural problems. Small ownership is characterised by a low level of use of the most modern techniques, low capital stocks as well as by limited access to the market. The high level of subsistence farming, a historical tradition of Albanian agriculture, presents an interesting case of semi-natural economy. Of course large differences exist within the sector – an indication of uneven development. In the most fertile areas there are modern agricultural farms producing for the national and the international market, while in the less fertile highlands the traditional way of production dominates. Emphasis has been placed on the development of livestock, which has increased production fivefold compared to the collectivised economy of the 1980s. The average yield in agriculture has increased by two-thirds compared to Stalinist agriculture. Overall, during these three decades it can be said that agricultural production has more than doubled compared to the 1980s. However, the sector is far from its potential and expectations.

Foreign trade constitutes a very important sector of the contemporary Albanian economy. The country imports goods worth about \$6 billion a year, and exports half that figure. The huge trade deficit, more than \$3 billion every year, is one of the characteristic aspects of the transition period. This deficit is covered

through remittances, public and private debt, tourism and from the proceeds of criminal activity, the extent of which is notably difficult to measure. Exports consist of 40% textiles and shoes, 20% minerals, oil and electricity, 15% metals and construction materials and 10% food, beverages and tobacco. The main imports consist of 20% machinery and spare parts, 20% food, beverages and tobacco, 15% chemical and plastic products, 12% oil and energy.

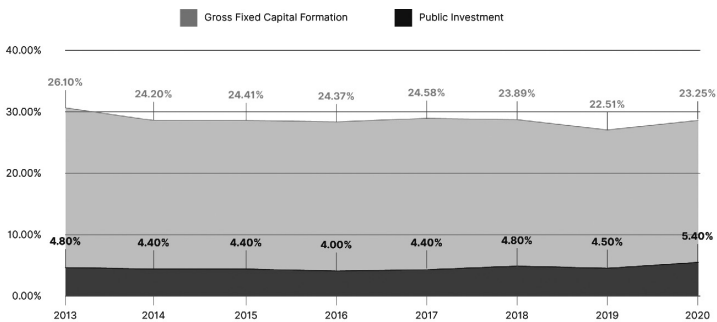


Figure 8: Public, Private and Foreign Investments in Albania, % of GDP.

The amount of investments reaches 30% of GDP: 18% is carried out by domestic private capital, 4% by the state and 8% by foreign investors. Most of these investments go to the services sector, 35% of the total. Construction and installation takes the second place with 33% of the total, and machinery and equipment comes in third with 32%. Italy and Greece remain the main countries of origin of foreign investment. Foreign investment goes largely into the energy and minerals sectors, followed by financial services, construction and real estate. Only a very small part of it, less than \$50 million per year, goes to each of the manufacturing and ICT sectors.

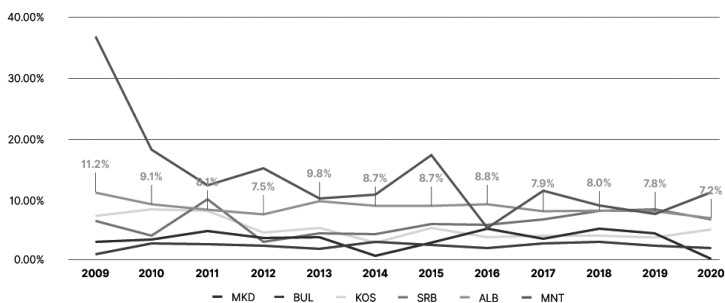


Figure 9: FDI inflows in the Western Balkans (% of GDP).³⁵

The structure of enterprises³⁶ highlights the low level of development of the forces of production. Most enterprises, 65%, operate in the field of services and 35% in the production of material goods. The vast majority (30%) operate in the trade sector, followed by agriculture (26%), accommodation and food service (12%). Industrial enterprises account for about 6% of the total, 3% for construction and only 2% for those operating in the field of technology and information. Over 95% of these enterprises employ between one and four workers, 4% of them between five and 50 and only less than 1% employ more than 50 workers. Of the 160,000 enterprises registered in 2019, the 200 largest had a declared turnover of €8.4 billion, or 64% of the GDP. The nature of the 10 largest enterprises for 2019 in terms of revenue is also an indicator of the country's economic structure. Hence, of the ten largest, seven operate in the field of energy, one in the metallurgical industry, one in the field of finance and one in the retail of perishable consumer goods. As for the capital origins, five are Albanian, two French, two Turkish and one Chinese. Of the Albanian companies,

35. World Development Indicators March 2022.

36. '200 kompanitë më të mëdha në Shqipëri sipas xhiros 2019', in: *Monitor*, vol. 21, no. 36 (948), 2020, pp 8-106.

only one is a public enterprise, the Distribution Operator of Electrical Energy OSHE, the electricity distribution network, ranked second with revenues of €450 million in 2019. Among the ten largest, three of them are large oil importers with joint revenues of €800 million. The biggest industrial producers on the list are oil extraction concessionaire Bankers Petroleum, Trans-Adriatic Pipeline builder:

	Number of enterprises	%	Employed	%	Investments in mln ALL	%
All	102,574	100.0%	503,986	100.0%	193,882	100.0%
MSME (1-249 employers)	102,405	99.8%	412,514	81.9%	143,444	74.0%
Micro	95,558	93.2%	186,400	37.0%	25,818	13.3%
Small	5,674	5.5%	111,347	22.1%	62,475	32.2%
Medium	1,173	1.1%	114,767	22.8%	55,151	28.4%
Big enterprises (250+)	169	0.2%	91,472	18.1%	50,438	26.0%

Figure 10: stock and enterprise profile.³⁷

37. National Business Register, INSTAT March 2022. (Stock and enterprise profile, does not include agriculture, fisheries, monetary and financial intermediation activities, public administration and defence as well as activities of international organisations). <http://www.instat.gov.al/en/themes/industry-trade-and-services/business-registers/#tab1>

the French construction company SPIECAPAG and the Turkish steelmaker Kurum. If we classify them according to the annual turnover for 2019, the largest enterprise had an income of €540 million, while the smallest of the ten largest enterprises had an income of €140 million.

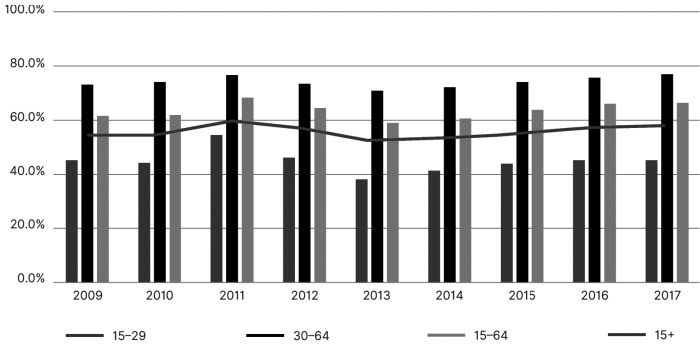


Figure 11: labour force participation rate in (%).³⁸

The low level of development of the forces of production becomes more apparent if we look at the structure of the labour force. The Albanian economy in three decades has had an average employment rate of 50%. This has been the main cause of the mass emigration of the population, mainly young people. Of the total number of employees in 2020, 32% are self-employed and 30% are employed without pay in family businesses. This proportion of the self-employed is the highest in Europe, or three times the same category in the European Union. The phenomenon is similar to the southern neighbour, Greece, where 28% of employees belong to this category. The vast majority of the self-employed are active in the agricultural, trade and services

38. Source: INSTAT, ‘Labour Force Survey’, 2017. <http://www.instat.gov.al/en/themes/labour-market-and-education/employment-and-unemployment-from-lfs/publication/2018/quarterly-labour-force-survey-q4-2017/>

sectors, and usually have a low level of formal education. Workers with low formal education also make up the vast majority in informal employment. Informal employment, which by its very nature is difficult to measure, is assumed to be the size of the informal economy, or 20–30% of GDP. The average salary in 2019 was €450, while the minimum wage by law was €200. The salary level in Albania is the lowest in the Balkan region and among the lowest on the European continent. Salaries vary by sector and gender. If in the financial sector the average salary is double the national average, in the agricultural sector and retail trade the average salary is two-thirds of the national one. Because women make up the vast majority of employees in the most poorly paid sectors, we also have a gender inequality in this aspect: women’s wages are on average -20% compared to men’s. The employment rate among women is also lower than average, at 40%. Unemployment, which during the

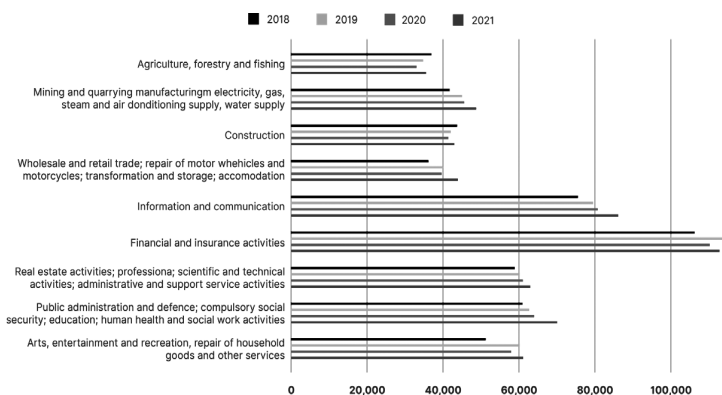


Figure 12: average salary by sector (In ALL).³⁹

39. INSTAT, March 2022. <http://www.instat.gov.al/en/themes/labour-market-and-education/wages/publications/2022/wage-statistics-q1-2022/>

transition years was at the level of 25%, had a decreased during the first decade of the century to 14%, to rise again to 20% after the world economic crisis of 2008. In recent years, unemployment has stabilised again at 12-14%. Unemployment is higher among young people, at 25%.

The income per capita in Albania, measured by purchasing power parity (PPP), is on average one-third of the European Union and 60% of the world average. The official poverty rate is 21% of the population, a rate equal to the world average. During the first decade of transition, the poverty rate was over 30%. In the second decade there was a big drop, going down to 12%, to increase again after the economic crisis at the beginning of the third decade of transition. Poverty is higher among certain categories such as residents of rural areas, the unemployed, the elderly, and workers with insufficient education, single mothers with dependent children and the Roma. Over 10% of families benefit from public welfare, which on average for a family with four members amounts to €800 per year. The number of pensioners, one of the weakest categories in terms of income, is 600,000 beneficiaries, of which about 100,000 are rural-based. The average pension is €120 per month for urban pensioners and half as much, 70 Euros per month, for rural pensioners. According to official statistics, the average consumption expenses for a family of four people are about €600 per month; two thirds of this amount is needed only for the elementary expenses of food, shelter and clothing. Obviously, it is almost impossible for certain categories such as pensioners, families on welfare and minimum wage earners to afford even the most basic survival expenses. If we keep in mind that 25% of employees receive the minimum

wage and add this to the number of pensioners and social welfare beneficiaries, then it becomes quite clear that almost half of the population barely meets its minimum needs. These groups are also the main beneficiaries, direct or indirect, of redistributive public policies. The Albanian state officially spends 30% of the public budget, or 10% of the GDP, on social issues. This expenditure is carried out either through direct payments, or through the subsidisation of goods or through their free provision by the state. In terms of inequality, Albania officially scores 35/100 in the Gini index, an index equal to the world average but higher than the European Union. Thus, the 10% of individuals with the highest income receive 25% of the national income, while the 10% of individuals with the lowest income receive only 3.5%. Official figures may hide the real extent of inequality given the high rate of informal economy, and tax evasion is widespread among high-income individuals. A more significant figure is that of bank deposits, where 50% of the total sums deposited belong to only 3.5% of depositors.⁴⁰ In addition to the inequality between individuals and families, the inequalities between regions have deepened over the last three decades. Thus, the poorest districts have an average income equal to two thirds of the national average income, while the capital, Tirana, has an average income 50% higher than the national average.

40. 'Thellohet pabarazia: 3.7 % e depozituesve zotërojnë 57.5% të kursimeve në bankat shqiptare në 2017-n', in: *Revista Monitor*, published on 2 April 2018 on <https://www.monitor.al/thellohet-pabarazia-3-7-e-depozituesve-zoterojne-57-5-te-kursimeve-ne-bankat-shqiptare-ne-2017-n/>

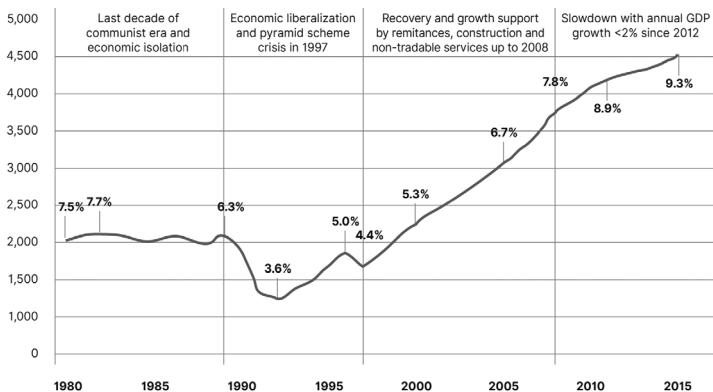


Figure 13: Albania's GDP per capita 1980–2014 and convergence. Albania's GDP per capita is shown as a share of OECD (group as of 1980) average GDP per capita.⁴¹

This growing disparity is definitely a product of the relations of production established in the last three decades in Albania, and of the enormous imbalance of power between social classes. The low level of economic development also plays a significant role. Therefore, the main problem of the Albanian economy remains, as in the past, the development of its production potential. If we take a look at the economic history of Albania, the first aspect that stands out is its pronounced divergence which has historically remained in the ratio of one tenths, in economic development vis-à-vis the most developed countries. Therefore, the primary problem for research, one of extraordinary significance for society, remains the explanation of the structural causes of this divergence. An equally important problem is the question of the policies that must be implemented so

41. T. O'Brien and Lj. Nedelkoska/E. Frasheri, *What is the Binding Constraint to Growth in Albania?* Growth Lab at Harvard's Centre for International Development, 2017.

that the Albanian economy converges with the more developed ones. The primitiveness of the Albanian economy is one of the main causes according to researchers.⁴² Low economic complexity is clearly visible in the structure of exports. Albanian products have very low added value and are concentrated in sectors where the country has a non-dynamic comparative advantage, such as natural resources and unskilled labour. Therefore there is a necessity to increase the economic complexity as the only path to a sustainable growth. The strategic financial service is still not fully developed. There is still no national stock exchange and the capital market does not exist outside the banking system.⁴³ Banks have a high rate of non-performing loans and are therefore reluctant to provide long-term loans to the productive sector. A large part of the deposits are used by banks to buy government bonds that have lower interests but greater security. Albanian enterprises have many deficiencies in modern organisation, in experience and knowledge of the field in which they operate. The shortages are more pronounced in terms of qualified workers and management of production processes and marketing for exports. This problem further escalates by the three-decade long haemorrhage of skilled workforce migrating to Western labour markets. Another major problem is the public bureaucracy, the level of corruption, clientelism and incompetence of the state apparatus dominated by political and personal cliques. The bureaucracy interacts with its clients and partners in the corporate world, the economic oligarchy, to create market favours, access to state

42. O'Brien, Nedelkoska and Frasherri, *Binding Constraint to Growth in Albania*.

43. Erebara, Gjergj 'Përse ka radhë nëpër banka?', in: *Reporter*, 22 May 2022, <https://www.reporter.al/2022/05/09/perse-ka-radhe-neper-banka/> (Last accessed on 25 October 2022).

contracts, and monopolies. This favours enterprises with low efficiency and innovation over those with high efficiency and innovation. A corrupt judiciary makes both the guarantee of property and the enforcement of contracts uncertain. Parasitic bureaucratic factions and their business clients present a serious obstacle to the complex transformation of the economy, because by penalising the most innovative and efficient capital, replacing meritocracy and talent with clientelism and nepotism, they severely damage the human and financial resources of society and block its production potential. Also, they discourage long-term investment of foreign capital. The destruction of public institutions as a result of their capture by special interests makes the state dysfunctional in terms of implementing development policies. A complex economy cannot survive under a greedy and weak state captured by primitive material interests. Therefore, in our opinion, this is perhaps the most serious structural problem for sustainable economic development. Other structural problems are the energy and transport infrastructure, as well as the qualifications of the workforce. In these sectors there has been no lack of progress in recent decades. Especially the road system has improved significantly thanks to major public investments, at the obvious cost of the increase in public debt and corruption. However, substantial investment is still needed in road transport, sea transport through the expansion of ports, and air transport. The state railway system, which once handled 40% of the transport volume, has completely depreciated due to the lack of public investment. Despite the improvement of the road network, the transport speed in Albania is still half that of neighbouring Italy and two thirds of the countries of the region. Due to the favourable

geographical position, the need for access to natural and agricultural resources, as well as the need for the development of intensive tourism, transport remains a strategic sector. In terms of human resources, the country needs qualified workers in industry and skilled and innovative managers, with the ability to understand contemporary production processes and the global market. IT and telecommunications sector specialists as well as service specialists for the foreign market are also needed. The emigration of the best human resources must be stopped and a series of state policies and public investments must be implemented in terms of professional training.

If many of the structural problems we mentioned are imperative, the political problem remains the key problem. This is because the obstacles we mention above can be overcome only through public development policies . This makes it necessary to liberate the state apparatus from political cliques and bureaucrats. This process can only be carried out by a democratic society, so collective political action is a necessity. As the history of Albania in the last century has amply proven, the economic and political problems can be overcome only by progressive social movements of the subordinate classes. When there are no such movements, the age-old problems and primitive interests reappear.

III.

POLITICS: FROM BUREAUCRACY TO OLIGARCHY

The end of bureaucratic socialism

Albania was the last country of the European socialist bloc to start the transition from bureaucratic socialism – where the means of production, of coercion and persuasion were the monopoly of a political bureaucracy organised in the Party of Labour of Albania – to capitalism. The reasons for this lateness have to do with the peculiarities of the Albanian modern history, especially after World War II, and the impact the ruling bureaucracy had on the economic and social structure of Albania for almost half a century.

The Albanian Communist Party was formed in 1941, during the fascist (Italian) occupation of the country. Between 1941 and 1944 it firstly hegemonised the anti-fascist resistance in Albania and in 1943 became the sole political and military force to fight the Nazi occupation. At the end of the liberation struggle, the partisan formations led by the Communist Party comprised around 70.000 fighters. The peculiarity of the Albanian resistance is the self-liberation of the

country, differently from almost all other European countries where Allied troops were needed to defeat the German army.

The liberation of the country and the promises of a social revolution – which would start from a radical land reform, confiscation of fascist and Nazi collaborators' properties, high taxes on war profiteers and speculators and step-by-step construction of factories owned by the state and run by directors and Party secretaries – built the legitimacy of the Communist Party. In 1948 it changed its name into the Party of Labour of Albania (*Partia e Punës së Shqipërisë*, PPSH).⁴⁴ Nonetheless, for almost four years after liberation the Albanian Communist Party was under the hegemony of its Yugoslav counterpart. In 1948 Enver Hoxha and others took advantage from the Tito–Stalin split and opted for the latter, which put Albania for almost thirteen years under the influence of the Soviet Union. In 1961 the Albanian political bureaucracy allied itself with the People's Republic of China during the Sino-Soviet split, and became a junior partner of the Chinese Communist Party. With the help of Chinese grants, subventions and machinery, the Albanian economy was industrialised more thoroughly and rapidly than before, with particular emphasis on heavy industry. Unlike the relationship with the Yugoslavs and the Soviets, Albania's dependence on China was not political and

44. In the official history of the party, the name change was attributed to the class composition of Albania and of the Party itself, where more than 80% of the population lived in villages, which was also reflected in the cadre composition of the Party. See: *Historia e Partisë së Punës së Shqipërisë*, edited by *Instituti i Studimeve Marksiste-Leniniste pranë KQ të PPSH*, Tiranë: 8 November 1981, pp. 245–246. Nevertheless other sources show that the new name was suggested by Stalin or other high officials of the Soviet Union's Communist Party.

ideological, but purely economic, which boosted the self-confidence of the Albanian nomenklatura and made them believe – after 1978, when they split with China – to have the muscle for constructing and industrialising a quasi-autarchic economy.

The economic crisis was felt in the early 1980s, and it was exacerbated when the political bureaucracy experimented in the last ultra-Stalinist measure: the collectivisation of livestock, previously allowed as private ownership to the peasant families. This measure and the continuing economic isolation of the country, which was accompanied with heavy purges within the nomenklatura in the 1970s and early 1980s, led to a deepening economic crisis, which in the late 1980s was transformed in an alimentary crisis, with long queues early in the morning for foodstuffs like milk, butter and cheese.

After the death of Enver Hoxha in 1985, the new leadership of the Party of Labour, mostly second-tier Party bureaucrats who had survived the continuous purges, experienced the double crisis of the economy and political legitimacy. They lacked the political aura and ruthlessness of Enver Hoxha, while inheriting a crisis. While other bureaucratic socialist countries had experimented in aspects of market socialism during the 1970s and early 1980s, the Albanian bureaucratic rulers began thinking in terms of economic reform only in 1989 and 1990. They timidly planned to make state-owned enterprises market-orientated and simultaneously administrated by workers. Only in June 1990, when all over Central and Eastern Europe the bureaucratic socialist regimes were falling one by one, the Albanian political leadership passed a new law on enterprises that allowed for small steps towards

market socialism and workers' self-management.⁴⁵ This move only worsened the economic situation. Instead of raising productivity, it led to a lack of discipline amongst workers; instead of founding a workers democracy within the enterprises (where workers would choose the directors and hold them accountable), it strengthened the patrimonial grip of directors and other bureaucrats within factories.

The fate of the political bureaucracy and of the whole bureaucratic socialist formation was doomed especially after the students of universities in Tirana and workers in the major industrial cities of Albania started a chain of protests, hunger strikes and economic strikes from December 1990 to May 1991. The first legal opposition political party, the Democratic Party (*Partia Demokratike*, PD), was constituted in December 1990. Firstly it gathered the support of students, intellectuals and disgruntled industrial workers of major cities. During the first months it was more led by events – radicalised by workers and students – than leading them. Workers' strikes, especially the general strike called by the new trade union federations in May 1991⁴⁶ definitively convinced the Party of Labour to gradually relinquish power. Its 47-year rule ended with the overwhelming win of the Democratic Party (PD) in March 1992.

The road to victory was not an easy one for the newly founded Democratic Party. The economic situation

45. *Revista Probleme Ekonomike Viti XXXVIII (VIII)*, edited by *Instituti i Studimeve Ekonomike*, maj-qershor, 3–1990, Tiranë, pp. 2–25.

46. For the demands of the workers before and during the general strike, see: *Gazeta Sindikalisti*, 8 April 1991, and 20 May 1991. For an example of the arrogance and aversion of Party of Labour bureaucrats towards the striking workers, see L. Shahollari, *Në tunelin e tranzicionit*, Tiranë: Emal, 2009, p. 92.

was dire and discontent was soaring amongst the popular classes. But PD faced a party whose basis of legitimacy was constructed during the liberation struggle (1941–1944), a party that oversaw the partial modernisation of Albania's economic and social structure, and whose grip to power had been almost total for 47 years. The pressure from students' protests and workers' strikes bent the Party of Labour to allow for new pluralist elections in March 1991, the first in Albania's history since the introduction of universal suffrage. The Democratic Party was strong in Tirana and other major industrial cities in Albania. But the peasantry was still the majority class in 1991. Peasants had suffered economically a lot during forced collectivisation, but they also appreciated aspects of the welfare state affecting them. Most importantly, they feared that the radical change in the political realm would have led to the triumph of pre-socialist ruling classes, i.e. big landowners, which used to rule the countryside with a quasi-feudal fervour. The Party of Labour, using its hegemonic presence in the media and its capillary organisation which, went deep to the remotest village in Albania, was successful in convincing the peasantry to trust them for an orderly and moderate passage to the new and ill-defined social formation.

In the general elections of 31 March 1991, with a spectacular turnout of 99%, PPSH won 56% of the popular vote; PD won just 39%. PPSH controlled the new pluralist Parliament (they elected 68% of MPs), but it could not rule the country anymore. PPSH might have won the countryside, but peasants' political support was passive and half-hearted. Meanwhile the support for PD in industrial cities and among the working class was active. For several weeks after the general

elections, there were signs of inter-class animosity between workers and peasants in Tirana and other cities. There were reports of young people, mostly workers, who harassed peasants selling vegetables and other foodstuff in cities, accusing them of supporting PPSH.⁴⁷ The strikes of workers, especially the general strike of May 1991, where almost all of the remaining producing economy and transport came to a standstill, convinced PPSH that they could not cling into power anymore. On the other hand, the Democratic Party changed its course in order to alleviate the fears of the peasantry. In June 1991, in concordance with PPSH, they approved an agrarian reform law, which broke down the collective farms and distributed agricultural land proportionally to peasant families, thus blocking any hope for the big landowners of pre-socialist times to reclaim agricultural land. After several months of a big coalition (PPSH+PD) and a few months of a technical government, in March 1992 the Democratic Party won overwhelmingly (57% of the popular vote and 66% of parliament seats) the new general elections, also due to the enormous political support coming especially from the United States,⁴⁸ and started the structural capitalist transformation of Albania.

Bureaucratic socialism ended between 1991 and 1992, but the legacy of the Party of Labour of Albania on

47. R. Alia, *Shpresa dhe zhgënjime*. Tiranë: Dituria, 1993, p. 33.

48. In a meeting with opposition representatives in Tiranë on 20 March (1991 - A.Q.), David Swartz, the head of the State Department delegation sent to reopen the U.S. embassy in Tirana said that the United States would provide Albania with desperately needed humanitarian assistance but that economic aid would be granted only if democratic forces came to power. E. Biberaj, *Albania in Transition: The Rocky Road to Democracy*, Colorado: Westview Press, 1998, p. 98.

the structuring of the political system and political parties in Albania is still vivid. During its 47-year rule, the Party of Labour constructed an organisational infrastructure that went deep into the remotest areas of Albania. It claimed to be a modernising force, and the representative of the Albanian emerging working class and other allied classes and strata like the peasantry and intellectuals. In the beginning, it was a party composed and representative of the Albanian poor and low-middle peasantry, which was the backbone, especially in southern Albania, of the liberation struggle. In the last part of its rule it could finally boast that it had become, even sociologically, a party composed mostly by the working class.⁴⁹ Notwithstanding this social composition and its Faustian endeavour to modernise Albania's economy and social structure in a Stalinist way, the Party of Labour did not escape the patrimonial and clientelist relations characteristic of a backward and peripheral country. Even within its ranks, patrimonial relations were important and Marxist-Leninist ideology was frequently used as a lipstick to cover up pre-modern attitudes and behaviour. Party members on the base of the society most of the time were part of clientelist networks led by political strongmen in Tirana, and reproduced these relations in their dealing with the society.. The relative counterweight of this gigantic bureaucratic party structure – half-modern and half-feudal – was the dreadful and despotic authority of

49. In 1990, the official social composition of the Party of Labour of Albania was: 33.67% workers, 26.85 peasants of collective farms, 23.04% administrative employees and 16.44% pensioners. See: Arkivi Qendror i PPSH: *Fondi nr. 14, Lista Nr., Dosja nr. 19. Sektori i Statutit, Instituti i Studimeve Marksiste-Leniniste, Sektori i Kuadrit, Studim: Mbi disa ndryshime në përcaktimin e gjendjes shoqërore të anëtarëve e të kandidatëve për anëtarë partie – Maj 1990, p. 10*

Enver Hoxha, who from time to time, in a Stalinist manner, tried to ally himself with low ranking members of the party and the 'people' in general to attack the bureaucrats, which he suspected were becoming independent. Nonetheless, the despot, despite the onslaughts on particular bureaucrats and the anti-bureaucratic rhetoric, was the representative of the political bureaucracy as a collective.

The discipline of its cadres and members revealed itself during the 1990–1992 political upheaval, when it was transformed into the Socialist Party of Albania (*Partia Socialiste*, PS). The old guard of the Party sidelined itself voluntarily and younger middle ranks party bureaucrats took the reins of the new party. The structure held on. No serious split from the party occurred. Some members formed a Hoxhaist Communist Party in 1991, but gained no serious political following from party members and remained marginalised politically for the years to come. The Socialist Party began its journey as one of the political pillars of the new social formation, combining the neoliberal logic of standard economic reforms with clientelism – as a well-oiled and disciplined party, whose Stalinist internal structuring and drive, mixed with opportunities of corruption of the new epoch, enabled it to become Albania's most powerful political machinery in recent decades.

Who governs? Who rules?

Bulgaria and Albania, along with Serbia, before and after the dissolution of Yugoslavia, were the only European socialist bloc countries in which the ruling

(ex)-Communist Party won the first democratic and pluralist elections with a slight difference. In March 1991, Albania's Party of Labour won the election without changing its name and structure. Less than three months after the electoral victory, the Party of Labour transformed into the Socialist Party, trying to model itself after the Western European socialist and social-democratic parties.

There have been numerous questions about the social origins of the new political bureaucracy of Albania, which led the way of the capitalist (half-neoliberal, half-clientelist) restructuring of the economy and society. In the case of the Socialist Party, there seems to be more clarity. From 1991 onwards, the new party elite was comprised of young and middle rank members of the Party of Labour, especially people with an intellectual background. They were the new face of the party, which nonetheless embodied traits of continuity with the old ruling bureaucracy. A decade after its inception, the Socialist Party began renovating its ranks with younger politicians, mostly intellectuals from the cultural sphere, who had been more sceptical towards socialism and prone to embrace liberal and neoliberal values and political attitudes. In the last years, due to traditional and nepotistic links, there has been a further shift within the ranks of PS political elite. Descendants of the previous political bureaucracy, mainly educated in Western universities, began to sideline the 1990s political elite. Nowadays the political bureaucracy of the Socialist Party consists of the previously disgruntled young intellectuals of the last years of bureaucratic socialism (despite having close connections with the old political bureaucrats, such as the current party leader and Prime Minister Edi Rama), some remnants of the

1990s leadership and a plethora of young politicians, whose career advancement was enabled by the patrimonial connections within the party ranks.

The right wing political and ideological forces have always accused the Socialist Party of being the descendant – not only in its genesis, but also in its drive, values and structure – of the ‘communists’. In the most extreme case, the accusations became conspiracy theories, claiming that in 1990 old communists, such as Ramiz Alia meticulously planned the transition into capitalism, conditioned by the fact that former communists would still govern the state in a ‘democratic’ disguise. Most importantly, they and their offspring would become the new bourgeoisie who would privatise major state-owned enterprises and economic assets.”guises.⁵⁰ For the right-wing, the impossibility of constructing a proper capitalist economy – like the one in Western countries – has never been thought of in terms of the peripheral position of Albania in the European capitalist structure and in the capitalist world-system, but needs to be explained in subjective terms, which most of the time degenerates in plain conspiracy theories.

50. The beginning of this theory can be traced to 1991, after the ruling Party of Labour decided to allow the privatization of small commercial shops, but also transport and service enterprises, where ex-employees, most of the time no more than 3-4 people running a shop, would become the owners. They were allegedly connected with the Party of Labour, thus becoming the precursors of crony capitalism and a corruptive bourgeoisie. This opinion is held and represented by the then director of the Albanian section of Voice of America, Elez Biberaj, who called them the ‘red mafia’. See: E. Biberaj, *Shqipëria në tranzicion: rruga e vështirë drejt demokracisë*. Përkth. Z. Simoni. Tiranë: Ora, 2001, p. 292. Others talk about an Albanian version of the so-called ‘Katowice speech» supposedly made by Gorbachev in the late 1980s.

The Democratic Party, on the other hand, was the product of a more complex structure that over time contributed to its relative weakness. PD was founded in late 1990 as a coalition of disgruntled intellectuals, mostly in the cultural sphere (in contrast with PS, whose intellectuals came mostly from the technical sphere, such as engineers), dissatisfied workers and young students. Uniting them was the radical animosity towards the old regime and the old PPSH political bureaucracy. Yet from the beginning, within the ranks of PD came the descendants of the pre-socialist ruling classes, and more generally people persecuted during bureaucratic socialism. Among the persecuted, there were proto-fascist, conservative and liberal political adversaries of socialism as a system and a concept, but also ex-communists, who were victims of continuous purges within the ranks of the Party of Labour. This mixture of social, political and ideological forces were only held together by the animosity towards socialism and its ruling bureaucracy and by a strong political leadership, which ironically inherited the traits of the Stalinist personality cult.

Sali Berisha, the first chair of the Democratic Party – still leading the party 32 years after its foundation – is the epitome of this complexity. Berisha had been a member of the Party of Labour for 22–23 years, prior to which he was the secretary of a Party cell at a hospital in Tirana. He came from a remote village in Northern Albania, hence being a representative of that part of Albania (the north) which was relatively neglected by the previous nomenklatura. In order to gain legitimacy as an anti-communist leader, he quickly transformed himself into an anti-communist hawk. In him, and in his total grip on the party, the

plethora of the political, social and ideological forces that comprise PD could find symbolically the unity it lacked in social terms.

From the beginning, the Democratic Party was also led by disgruntled intellectuals of late 1980s, whereas secondary positions were occupied by representatives from the old pre-socialist political elite and ruling class. In the last two decades, the patrimonial structuring of the party enabled the penetration of its leadership positions by a plurality of young politicians, mainly educated in the West during the first decades of the new social formation. The perseverance of Sali Berisha and some of the old party cadre from 1990 was enough to prove that the party has not transformed itself completely.

In general, the higher ranks of socialist political bureaucracy were defeated and lost any power or symbolic influence during the new social formation. Ramiz Alia and some of his colleagues have even been imprisoned for some years after 1992. However, they were replaced by middle-rank bureaucrats (in PS) with symbolic or cultural capital and disgruntled intellectuals with no close party affiliation before 1990 (in PD). Eyal, Szelényi and Townsley's thesis on the relations between the socialist nomenklatura and the new political elite seems to hold even for the Albanian case:

[...] those who are at the top of the social hierarchy under state socialism can stay there only if they are capable of 'trajectory adjustment', which at the current juncture means if they are well endowed with cultural capital. By contrast, those who relied exclusively on now devalued political capital from the communist era are not able to

convert this capital into anything valuable, and are likely to be downwardly mobile.⁵¹

Nonetheless the Albanian structural transformation of 1990–1992 was not just “[...] a victory of “experts” over the “reds”, and the process cannot not be properly understood as “[...] the successful revolution of the technocratic fraction of the communist ruling estate against its bureaucratic fraction [...]”.⁵² The timid economic and political reforms of 1990 may have been supported by the technocrats within the Party of Labour bureaucracy, although initiated by the head of the Party, Ramiz Alia, a close collaborator of Enver Hoxha. But the leadership of these reforms, which were not only accelerated, but also transformed into shock therapy reforms, was taken from the leadership of the Democratic Party, whose composition was a mix of non-Party intellectuals, ex-communists and traditional right wing anti-communists.

The social constituencies of the ruling parties

Whom do the main political parties of the last thirty years claim to represent? During the first years there were some references to class identities – on which we will elaborate in the ideology part. Afterwards, at least declaratively, the Socialist Party and the Democratic Party claimed to represent society, almost everyone, being transformed this way in catch-all parties. Yet the social composition of the electoral

51. G. Eyal, I. Szelényi and E. Townsley, *Making Capitalism Without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe*, London: Verso, 2000, p. 6.

52. *Ibid.*, p. 14.

base of these parties seems to reflect the social and political cleavages reconstructed during bureaucratic socialism.

With its foundation in 1991, the Socialist Party inherited the organisational structure and the ideological affiliation of the Party of Labour. It became the party of those who had reaped some benefits of the structural shifts of four and a half decades of socialism, especially in terms of social mobility. Industrialisation, urbanisation and the partial effects of social emancipation constructed a relatively populous middle stratum of teachers, engineers and other professionals whose social origins were very modest. People coming from poor and remote villages could use the educational opportunities and advance into the new professional middle strata. In 1991 they were the strong social base of the Socialist Party, whose attachment to the party grew once the neoliberal reforms deindustrialised the country and deteriorated social services, especially in education and health care.

Another part of the initial social basis of the Socialist Party was that part of the working class, which came from rural backgrounds, hence benefiting from the social mobility and urbanisation. The majority of these workers were employed in large factories, especially in the heavy industry and the oil sector, where qualification and wages were superior to other workers'.

The peasantry has a more complex history. In March 1991 it voted overwhelmingly for the Party of Labour. But after the bi-partisan equalitarian agrarian reform of June 1991, they opted politically for non-class reasons. Other factors – like regional, and clientelist –

were determinative in the political orientation of the peasantry, whose social bulk and political voice were diminished due to the emigration to the West and migration to large cities during the previous decades.

Regionally speaking, the support for the Socialist Party has always been stronger in Southern Albania; for historical reasons, the partisan struggle during the Second World War was far stronger in the South, which allowed communists to become more popular in those regions. The South seems to have benefited more than the North from the modernising effects of bureaucratic socialism – both for structural (it was more difficult to change the social structure of the more mountainous and rural North), and for patrimonial reasons (Party of Labour strongmen came mainly from Southern Albania and were more generous in channelling funds and social programs to their constituencies). If we consider electoral results, there were instances, such as the radically transformative elections in 1992 and in 1996, where the Democratic Party won overwhelmingly in the South and others, such as the Socialist Party's victories in Northern Albania (in 1997, after the armed upheaval after the fall of the Ponzi schemes, but also in 2013 and 2017 elections – the latter more due to a more agile clientelist network).

The Democratic Party, on the other hand, was born as the representative of the most populous and radical sectors of the working class and the cultural intelligentsia of the late 1980s and early 1990s, adding to its social base the remnants of those who had had a commanding social position before bureaucratic socialism and/or were persecuted or discriminated against during socialism. Within the working class,

PD was far stronger with workers from large cities who had not experienced the social mobility factor the workers coming from rural areas had. This was especially true of workers in Tirana, Durrës and Shkodra, where native workers were alienated by the political and professional bureaucracy, and developed an animosity towards what they perceived as its undeserved economic and status privileges. The animosity of the working class was especially radical in areas where common people were more religious and were frustrated by the ultra-leftist policies of the Party of Labour, especially during the Cultural Revolution of the late 1960s when religious institutions were outlawed and the state's open goal was to spread atheism aggressively.

More generally, the Democratic Party was able to draw the support of those strata that did not benefit from the modernising drive of bureaucratic socialism, who considered themselves neglected in terms of economic revenue, good jobs, good salaries and respected social status. Most of them were peasants from regions – especially the North – which had fewer opportunities for upward mobility, or suffered more from the forced collectivisation of agricultural land and livestock, such as the more mountainous areas.

The other social backbone of the Democratic Party in the early 1990s were the cultural part of the intelligentsia, which was more sensitive to Western liberal values, such as human rights, representative democracy, than their technical brethren. Writers, journalists, artists, etc., suffered more from the rigidity of the Stalinist system, and even more from the Cultural Revolution anger towards 'microbourgeois' attitudes of this part of the intelligentsia. Culturally

they have been more attached to the West, had more knowledge of Western languages, literature and television. In contrast to the technical intelligentsia, they did not fear the prospect of deindustrialisation and downward social mobility. Therefore, at least in the early 1990s, they were enthusiastic supporters of the Democratic Party.

A large part of the Democratic Party social base, though not the majority, were either descendants of the privileged strata from before the advent of bureaucratic socialism, or people who had been persecuted for a wide range of reasons: saying something critical about the regime, being overtly religious, being on the wrong side of local Party brawls connected with rivalling factions within the Party leadership, etc. Their animosity towards socialism was not only practical, but thoroughly ideological. They were one of the factors pushing PD more to the right ideologically, forcing it to abandon its initial conciliatory attitude towards some of the bureaucratic socialism achievements. Conversely, with the growing economic difficulties of the neoliberal reforms, PD needed a stronger ideological stance, something to put the actual difficulties in a broader historical picture of struggle between pro-Western anti-communism and Oriental despotic socialism. So, even though ex-communists like Sali Berisha were at the helm of the Democratic Party, its ideology and political discourse was becoming more anti-communist and conservative.

Meanwhile, the deconstruction of socialist social infrastructure, neoliberal reforms, deindustrialisation, the enormous shrinking of the industrial working class, growing inequalities, massive emigration, etc.,

had an increasing impact on the partial dismantling of political parties' social base. The dismantling of the welfare state – under-financing, public-private partnerships, corruption, etc. – was compensated by the growing network of clientelist relations between the parties' bureaucracy and the common people. In the last ten years there have been some important shifts in party allegiances. Poor people, especially the unemployed and those living in villages or small towns,⁵³ have been the target of intense efforts of vote buying, especially by incumbent parties.

The central and local administration is filled with party supporters, irrespective of their traditional party allegiances. In 2021 the number of state employees reached 182.000 people, the largest number since 2002. Comparatively, it is still lower than the EU average of public employees – 14.6% in Albania and 17% in EU.⁵⁴ Nonetheless, because of the backwardness of the Albanian economic structure, where majority of the workforce is either self-employed or employed in family businesses, the number of employees in the state sector comprises 30.4% of the total waged labour force. If during the first part of neoliberal restructuring of society the number of state employees shrank rapidly, during the last ten years there has been a counter-trend, which is not connected to welfare state extension of public services, but only to the patrimonial network the parties have constructed within society. Recently

53. For a theoretical and empirical argumentation of the clientelist approach to the poor, see: S. Stokes et al., *Brokers, Voters, and Clientelism: The Puzzle of Distributive Politics*, New York: Cambridge University Press, 2013, p. 158–171.

54. See: https://ec.europa.eu/eurostat/cache/digpub/european_economy/bloc-4d.html?lang=en. Last accessed on 6 November 2022.

employed people are asked to bring on their relatives' vote, or lose their job. On the other hand, the most important parties – PS, PD, but also the minor LSI – are engaged in cut-throat competition of vote buying in poor towns and neighbourhoods. In the first period only highly marginalised people were targeted, like the Roma or the very poor. But competition extended the scope of vote buying and refined the clientelist networks. In the general elections of 2021 there were a lot of reports about vote buying,⁵⁵ where a single vote was bought for €50 or more.⁵⁶ This process is transforming electoral politics away from traditional party affiliation for ideological or nostalgic reasons, and is the main explaining factor of voter volatility in the last general elections.

Clientelism would not have been possible without the deindustrialising effects of neoliberal reforms and the shrinking/fragmentation of the Albanian working class. The poor can be targeted individually only when they lack collective structures and solidarities of a proper workplace and trade-unionist organisation. In 1990 Albania had a workforce of 1.433.000 people. While almost half of them worked in agriculture, 23.6% of the workforce worked in industries. If we consider construction workers as industrial workers, the industrial share of the workforce reaches 30%.

55. See the OSCE-ODIHR report about the last general elections: <https://www.osce.org/files/f/documents/5/1/493687.pdf>. Last accessed on 6 November 2022.

56. One of the authors of this study heard repeatedly about instances of this during the electoral campaign in the Dibra region.

Economic activity	2020	2021
Total (number)	1,243,343	1,248,749
Agriculture	36,1	33,8
Manufacturing	11,2	11,2
Construction	7,0	8,1
Mining and quarrying; electricity, gas and water supply	2,3	2,6
Trade; transportation; accommodation and food; business and administrative services	27,2	26,6
Public administration; Community; Social and services and activities	16,2	17,7

Figure 14: Employment structure by sex and economic activity (2020–2021).⁵⁷

Lastly, employees in the service sector (from public administration to health care and education) made up around 22.6% of the workforce.⁵⁸

The deindustrialisation process changed the structure of the Albanian workforce. In 2021, even after a new wave of low-level industrialisation (in outsourced garment sector), the share of workers in industry was only 11.2%. If we add extractive industry and construction workers, the figure rises to 21.9%.

⁵⁷ Ibid., p. 34.

⁵⁸ 'Drejtoria e Statistikës – Vjetari statistikor i Shqipërisë 1991', edited by *Ministria e Ekonomisë*, Tiranë, 1991, p. 77.

Compared to the period of bureaucratic socialism, even the share of agricultural workers (people tilling their own plot of land mostly for sustenance) has fallen to 33.8%. What has expanded is the number of employees in the service sector, reaching 44.3%. This sector does not produce high-value services, but is characterised by small trade, small shops, self-employed, most of whom are on the verge of bankruptcy. (See figure 14).⁵⁹

Yet the deindustrialising effect and the fragmentation of the working class are more striking if we compare the two social formations by the dimensions of the workplaces. During bureaucratic socialism, for example in 1980, the share of workers employed in large factories (with more than 500 workers) was 55%–60% of the industrial working class.⁶⁰ In contrast, in 2020 the share of employees in the productive sector in big enterprises (nowadays the threshold is 250+ workers) was 18.1%, while microenterprises (employing 1–9 persons) employed 37% of the workforce.⁶¹ So the overwhelming majority of the workforce works in enterprises which are not considered large. Amongst them, the relative majority of the workforce is employed in microenterprises, which adds to the fragmentation and relative disempowerment of the working class.

The disempowerment of the working class is evident if we compare the rate of trade-union membership of

59. INSTAT, 'Tregu i Punës 2021', p. 34. <http://www.instat.gov.al/media/10066/tregu-i-punes-2021.pdf> (Last accessed on 25 October 2022).

60. H. Papajorgji, *Struktura socialklasore e klasës tonë punëtore*. Tirana: 8 November 1985, p. 74.

61. INSTAT, 'Statistika mbi ndërmarrjet e vogla dhe të mesme', 2020, p. 2. <http://www.instat.gov.al/media/9673/rezultatet-e-nvm-2020.pdf> (Last accessed on 25 October 2022).

the Albanian working class from 1991 onwards. In 1991, all Albanian workers were members of the official Party of Labour-affiliated trade unions. The revolt of the workers meant that a large part of the working class became part of the new trade unions, initially independent and afterwards affiliated with the opposition Democratic Party. In 1991 and 1992 there was a vitality of trade unionism, when the old trade unions reconnected with the Socialist Party and the new ones with the Democratic Party. The rate of trade union membership remained very high during the first two years of capitalist reconstruction, enabling the working class to react in a series of strikes against massive lay-offs. For example, in 1994, about 93% of Albanian workers were part, even formally, of a trade union. The rate was substantially lowered in 1996 when about 40% of workers were trade-unionised. But the real plummeting of trade union membership began in 1997, when only 12% of workers were part of a trade union.⁶² After 1997, when deindustrialisation, mass emigration and social alienation entered a new phase, the membership in trade unions became insignificant. Nowadays there are just a handful of new and combative trade unions, while the largest ones, with fake membership and in corruptive relations with political parties, are just remnants of the past. Consequently, the disorganisation and fragmentation of the working class – a direct effect of neoliberal reforms – has enabled the extension of the patrimonialist relations towards individualised workers.

Unemployment is another factor fuelling pork barrel politics. During the first decade of neoliberal restructuring, the unemployment non-official figures has been very high – going from 35% to 50% in

62. Vaughan-Whitehead, *Albania in Crisis*, p. 301.

1997.⁶³ Those were also the years of precarious self-employment, high emigration rates, and a widespread élan that favoured the dream of a democratic capitalism' of small owners. The official unemployment rate of the last two decades may be lower, but is more rigid and is creating a social stratum of permanently unemployed or unemployable persons.

If we add to the number of the unemployed in Albania (officially 11.5% in 2021) the number of the economically inactive population (students, disabled, discouraged unemployed, housewives, early pensioners, etc.) which reaches 30.7% of people 15–64 years of age, we can understand the structural factors determining clientelism and the political alienation of important sectors of society, especially poor people. Particularly during the last ten years – when party loyalty began to fade due to neoliberal reforms and the corruptive political bureaucracy, and a small and very rich and powerful ruling class of oligarchs emerged, in close partnership with the political bureaucracy and fuelling their electoral machines – patrimonial relations became overwhelming. Poor people – especially the unemployed, persons who hope to find a job in the state administration, but also precarious workers and workers in small factories – have been the target of vote buying and other forms of bribes and non-programmatic and vote capture. This process is spiralling down in further alienating the political process, with parties even more eager to buy votes to stay in power or reach power; which on the other hand means promising oligarchs funding the parties' machinery more economic concessions.

63. See L. Hana and I. Telo, *Tranzicioni në Shqipëri: Arritje dhe sfida*, Tiranë: Akademia e Shkencave të Shqipërisë, Instituti i Ekonomisë, 2005, p. 139; Vaughan-Whitehead, *Albania in Crisis*, p. 292.

The deterioration of public services, especially health care and education, is another factor strengthening pork barrel politics. Underfinancing of public facilities and the privileges accorded to private hospitals and universities have made the population access to health care and education more inclined towards personal relations with a local political strongman. For example the number of (public) hospitals and hospital beds per 100.000 inhabitants was 4.11 and 590,01 in 1990, dropping afterwards to 1.57 and 319.22 in 1995, 1.61 and 326.33 in 2000, and 1.61 and 306.6 in 2003.⁶⁴ In recent years the numbers have gone down, with 1.47 hospitals and 287 beds in 2019, and 1.48 hospitals and 294 beds in 2020 (the COVID-19 pandemic year). In comparison, the EU average of beds per 100.000 inhabitants is 541, while in Serbia it is even higher: 567.⁶⁵

On the education front, only on the higher level has there been a quantitative leap in comparison with bureaucratic socialism. In 2021, the number of higher education students was 4.5 times larger than 1990.⁶⁶ This is not a reflection of the industrial complexity of the Albanian economy, which today needs fewer engineers, fewer teachers, but supports more administrative employees. It is the reflection of the soaring public administration, and the mushrooming of unemployed graduates that form the bulk of precarious

64. Ibid, p. 281.

65. See: Stojković, Krunoslav 'The Aleksandar Vučić Show: Serbia's president as Mr. Fix-It' <https://www.rosalux.de/en/news/id/41862>. Last accessed on 6 November 2022.

66. See 'Drejtoria e Statistikës - Vjetari statistikor i Shqipërisë 1991', edited by *Ministria e Ekonomisë*, Tiranë, 1991, p. 77; INSTAT, 'Statistika të regjistromeve në arsim'. <http://www.instat.gov.al/media/9773/statistika-t%C3%AB-regjistromeve-n%C3%AB-arsim-2021-2022.pdf> (Last accessed on 25 October 2022).

workers in Albania. Conversely, the number of people completing the pre-university levels of education has lowered, especially amongst the poor.⁶⁷ The quality of education is severely criticised by parents and pupils alike, and the inequality in education between a handful of good public schools in Tirana and the rest of the country is becoming alarming. Bad education – mostly considered useless in an economy where there is little need for intellectual and cognitive workers and where the public spirit of civic duty is growingly defeated by commercial rubbish – only strengthens the relationship between political strongmen and a multitude of individuals whose only hope for career advancement is to become cogs in the corruptive machinery.

Furthermore, the relation between political parties and oligarchs is one of the main factors which corrupts the political system from above and spreads the clientelist network below. While there is a lot of non-academic debate about the origins of the oligarchs, one could say that during the last 10–15 years the country's very rich have emancipated themselves from the tutelage of the political bureaucracy and are nowadays in a symbiotic relationship with them.

In 1991, Albania had no bourgeoisie, not even a small one. The first to rise to the challenge were adventurous traders, which started with very small amounts of capital. Most of them were wiped out from cut-throat competition, criminal tributary activities and the encroachment of the political bureaucracy interests. Nevertheless, a few managed to succeed, and with the help of the political bureaucracy became multi-millionaires.

67. Hana and Telo, *Tranzicioni në Shqipëri*, p. 271.

The bulk of the new bourgeoisie, nonetheless, came from people with political power or administrative connections who profited from the corruptive privatisations of the early 1990s to enrich themselves. They had been ministers, heads of local municipalities, judges, but also costume high administrators, and directors of any kind of institutions. While for most of them the luxurious life as property owners was enough, some did engage in more aggressive pursuits of capital accumulation, especially in the construction sector.

Nonetheless, the bulk of privatisations of state-owned enterprises did not consolidate an industrious bourgeoisie. One reason might be the backward technology of most enterprises, which required large amounts of capital to become efficient. Due to the lack of capital, the new owners preferred instead to sell the enterprises' machinery as scrap, or sell the land for other economic purposes. On the other hand, the big and strategic enterprises such as banks, telecommunications, hydropower plants, etc. had been after 2000, and their main beneficiaries had been foreign corporations.

Another fountain of the new bourgeoisie has been organised crime. Thousands of young people ventured into organised crime from the early 1990s; for most of them the only way up the social ladder. While the overwhelming majority ended up in Western prisons, or killed in never-ending feuds, some managed to accumulate enough capital and invest them in 'clean' businesses. A few transformed themselves into respected businesspeople, even being integrated into the political bureaucracy as members of parliament or heads of municipalities.

These strongmen, with known criminal records, are used by the top party bureaucracies as collectors of vote through intimidation, corruptive quid pro quos or simple vote buying.

While the ranks of Albania's small and middle bourgeoisie may be filled by genuine businessmen, most of them complaining about the politically tributary capitalism of the country, the big bourgeoisie, and especially its highest rank, the oligarchs, have been profiting enormously from the symbiotic relationship with the political bureaucracy. For 15 or 20 years, these persons have been vassals or junior partners to powerful prime ministers, ministers or heads of big urban municipalities (Tirana, Durrës, Vlorë etc). In the last decade they seem to have partly emancipated themselves from political tutelage. Their wealth and capital has grown cumulatively, while political strongmen had to leave office (Fatos Nano in 2005, Sali Berisha in 2013, while Edi Rama is still in power). They have invested in the construction sector, trade centres, hydropower plants etc, while employing thousands of workers and partly paying their taxes – becoming this way a short-term liability for economic stability in case they are politically attacked. Alternatively, while profiting from economic concessions and private-public partnerships, they have invested in television networks and other media outlets, becoming indispensable for the political bureaucracy. While there is no simple way to weigh their political influence and their symmetric/asymmetric relationship with the political bureaucracy, one can easily guess that the oligarchs have left behind their subordinate status and now are in a more or less partnership with the political bureaucracy.

Yet the politically-biased capitalism is still a force in Albania. This becomes evident if we compare the rate of profits of corporations which have contracts with the state (PPPs etc) and other companies. For example, PPPs in hydropower plants have an annual profit rate of more than 50%, while other PPPs and businesses benefiting contracts from the government have a profit rate the ranges from 15.9% to 28.5%.⁶⁸ Another oligarchic sector is construction, where companies benefit from bending environmental and municipal regulations (in concordance with heads of municipalities) to construct everywhere and contribute to a growing real estate bubble. In the construction sector, the average rate of profit has been 14%. These oligarchs' channel money in TV stations and other media outlets (most of the time non-profitable) in order to buy the attention of the political bureaucracy.

Alternatively, the productive bourgeoisie – entrepreneurs investing in food industry, textiles etc – have an annual rate of profit that ranges from 6% to 8%,⁶⁹ and most of the time the total revenues and investing capital are far lower in comparison with the oligarchic sectors. In these sectors capital investment is smaller, competition is far stronger, and especially in the textile sector firms are subcontractors of Western oligopsonies. Nonetheless, this is the medium-sized bourgeoisie which, in comparison to the oligarchs, feels the pressure of the politically-biased capitalist accumulation regime. Although they have an above-average rate of workers' exploitation, they do not

68. See <https://www.monitor.al/200-kompanite-me-fitime-me-te-medha-koncesionet-dhe-ndertimi-me-fitimprureset-ne-ekonomi/> (Last accessed on 25 October 2022).

69. See <https://www.monitor.al/industria-perpunuese-pse-vetem-pak-fitojne/> (Last accessed on 25 October 2022).

seem to be structurally part of the political system and the fuelling of partimomial networks.

Electoral politics: some things never seem to change

The political system in Albania has always been bipartisan. Two major political parties – with origins in the most transformative epoch of Albania’s modern history (bureaucratic socialism and capitalism) – the Socialist Party (PS) and the Democratic Party (PD) have hegemonised the political system for more than three decades. In each general election minor parties have had some small margins of success, especially during the first years of the consolidation of the political system. Afterwards, the surviving ones could have done so only as obedient appendixes of the main parties, or as extremely patrimonial parties, such as the Socialist Movement for Integration (LSI), a split from the Socialist Party in 2004.

The hegemony is evident in the combined electoral results of PS and PD in every general election after 1991 (when the proto-PS Party of Labour was on the ballot), which has seldom been under 80% in proportional vote. (We will touch upon the apparent anomaly in the proportional vote of the 2005 elections later). The percentage of members of parliament elected for both parties together has been even higher due to the advantages of the electoral system. (See figure below.)

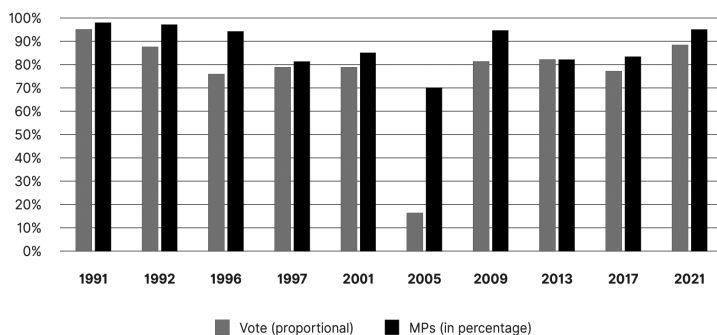


Figure 15: vote percentage in general elections of PS and PD combined.

On the other hand, the vote volatility in three decades has gone down on average. (The figure below shows vote volatility in general elections from 1992 to 2009.)⁷⁰

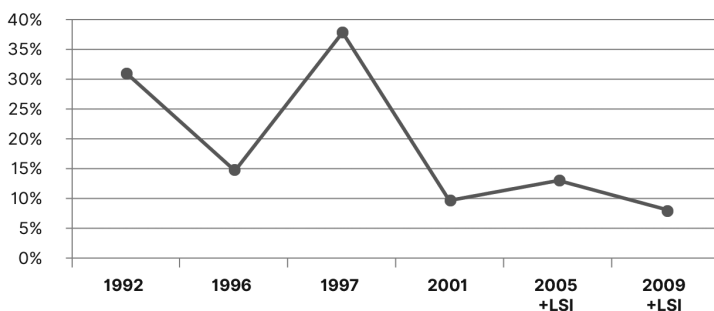


Figure 16: vote volatility 1992-2009.

70. B. Çeka, *Marrëdhënia mes sistemeve zgjedhore, sistemit partiak dhe sjelljes zgjedhore në Shqipëri*, unpublished PhD thesis, Tiranë: University of Tirana, 2013, p. 122. <https://unitir.edu.al/doktorature-blendi-ceka-fakulteti-i-shkencave-sociale-departamenti-i-shkencave-politike/> (Last accessed on 25 October 2022).

If we analyse the vote volatility by examining the results of the three main parties (PS, PD and LSI) and the rest of the very minor parties together in the last three general elections, we come up with figures such as 9.55 in 2013, 10.8 in 2017 and 10.915 in 2021. Hence the vote volatility was above 30% in the crisis-ridden general elections of 1992 and 1997, while oscillating under and above 10% from 2001 onwards. These figures show the consolidation of the party system under the hegemony of the Socialist Party and the Democratic Party.

During the first decade, the hegemony of the main parties was strong numerically, but somewhat less so in terms of the political and ideological autonomy of smaller parties. From 1991 to 2005, there was a plethora of small parties, which managed to elect a handful of members of parliament.

On the right side of the spectrum, there have been parties whose relative ideological distinction from PD had allowed them to gather votes autonomously. For example, the Republican Party (PR) has been able to distinguish itself from PD by claiming to be more right wing in terms of opposing the agrarian reform and being more strongly in favour of the property claims of pre-socialist owners. The National Front (Balli Kombëtar) and the Legality Movement (Lëvizja e Legalitetit) managed to get one or two parliament seats by claiming to be traditional anti-communist parties of the right (founded during World War II as antagonists of the Communists). There has been a party for ethnic minorities, such as the Unity for Human Rights (Partia Bashkimi për të Drejtat e Njeriut, PBDNJ), which used to elect a few MPs especially in the areas of the ethnic Greek minority in southern Albania.

On the centre-left there is the Social-Democratic Party, which initially tried to distinguish itself from the Socialist Party by accusing the latter of being crypto-communist and claiming for itself the monopoly of modern social-democracy.

The existence of the smaller parties has conditioned the government of the big parties. In several elections they were key factors in establishing an absolute majority in Parliament. But with the passing of time, and the tabula rasa effects of the neoliberal reforms, combined with the privileges of the executive power headed by the big parties, these smaller parties began to wane. After 2001 they could cling to a small number of MPs only by transforming themselves as microclientelist parties, using office to bribe voters. But the Socialist Party and the Democratic Party were stronger and faster in this process. Therefore in the last elections PS had no affiliate party on its flanks (all centre-left smaller parties being wiped out of the political system, or transformed into a personalist party of a local criminal lord who basically bought the Social-Democratic Party in order to have an institutional logo for being elected as MP of his constituency). The affiliate centre-right parties near PD have either been wiped out completely, or integrated in the electoral list of PD, with no real autonomous basis of power.

The only exception in terms of small party autonomy has been the Socialist Movement for Integration (LSI). This party (renamed in July 2022 to the Party of Liberty) is by far the most successful small party to emerge and endure in the contemporary history of Albanian politics. Ilir Meta, its founder and current leader, was prime minister of Albania between 1999

and 2002, nominated by the Socialist Party. After a rivalry with PS historical leader Fatos Nano, Ilir Meta and some other ex-ministers and PS members of parliament formed the new party in 2004. The electoral success of LSI is mainly due to the strong corruptive links its leadership has constructed when holding high office and the fact that from 2009 to 2017 it was the 'kingmaker' –the indispensable junior partner of either PD (2009–2013) or PS (2013–2017). Its electoral share is strongly correlated to being an incumbent party (see the graphic below):

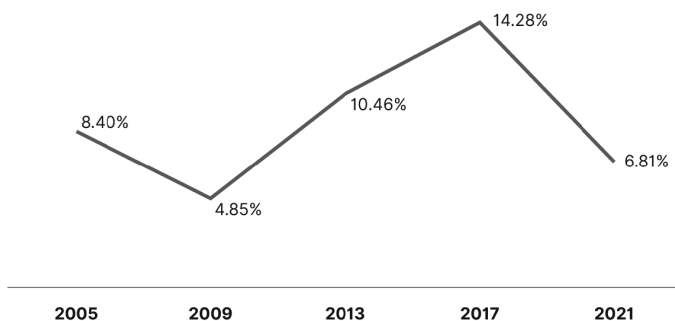


Figure 17: LSI vote percentage in general elections.

In 2005 LSI declared itself an outsider party, against the political system, even more genuinely leftist than the Socialist Party. Yet its 8.4% of proportional vote is much more connected to the clientelist network its leadership has constructed (being part of the government a year before the general elections) than ideological stance. In 2009 it competed again as an outsider party, but almost got crushed by the two bigger parties. From then on, it was overtly converted into a pragmatic and opportunist third party, ready to be part of ruling coalition regardless of ideology or political history.

During its history LSI has taken ideological positions which range from the left to the extreme right. In the beginning its leadership tried to differentiate itself from the Socialist Party by claiming to be more leftist, especially concerning historical events such as the acclamation of the Second World War partisan struggle, which had been increasingly attacked from the right. Nevertheless, this did not prevent them from endorsing, in recent years, the flat tax or propagating conspiracy theories approaching an anti-vaccination campaign or anti-Soros/anti-LGBTI positions.

Yet its electoral success as an enduring small party and a relative kingmaker in electoral politics is largely attributed to its highly effective patrimonial network built in its years of power. From 2009 to 2017, it was overrepresented in important locations of power and administration, aggressively employed its supporters in public administration, while being engaged seriously in corruptive activities – very important in financially feeding the party. In a political system where patrimonialism is increasingly eroding traditional party affiliation, LSI has been by far the most successful game player.

Being out of power from 2017 onwards has weakened its structure and the electoral support. It seems more and more plausible that in the near future the two main traditional parties (PS and PD) will wipe out this uneasy and partial ally and competitor in the electoral relations.

The main parties, on the other hand, during the last three decades have evolved not only ideologically (this will be analysed later), but also structurally. As they were the offspring of a new social formation, in the beginning there were hopes that the new

parties would construct a more democratic and pluralistic internal structure than the Party of Labour or the pre-socialist cadre parties led by landlords or local strongmen. Yet the inertia of history and the peripheral position of Albania were stronger than any attempt to democratise these parties.

The Democratic Party was initially a broad coalition of diverse social and ideological forces. In 1991–1992 you could find even Trotskyite-leaning articles criticising the ruling ‘red’ bureaucracy on behalf of the working class. But its most important representatives were liberals and conservatives, brought together by their animosity towards the previous regime and their readiness to implement neoliberal reforms. These two groups were able to find a point of equilibrium under the strong leadership of Sali Berisha and the necessity to move faster towards capitalist relations of production. Having initial important internal differences, lacking a common history and, more importantly, lacking organisational experience, the Democratic Party could function only if a strong leader would compensate for everything. So, almost from its inception, the Democratic Party has been strongly personalist and fully identified with its historical leader, Sali Berisha. The political culture and the general historical development of Albania have also encouraged personalism and strong charismatic leadership. Those few times when Sali Berisha was challenged in party congresses, his competitors lost heavily and were marginalised or even thrown out of the party. It is not a coincidence that even today (July 2022) – after a partial retreat from active party leadership – he is still the leader of the Democratic Party. He re-conquered the party when his appointee as the chairman of PD, Lulzim Basha, tried to expel

him after the US Department of State declared him *persona non grata* in 2021. He charismatically mobilised the party base and threw out Lulzim Basha and the party bureaucracy surrounding him.

The Socialist Party history has been somewhat different. In 1991 it changed its name, its ideology, and its leadership, but it inherited the same party organisation and élan. Its new leadership had political party experience, albeit in second-tier positions. Its local cadre were basically the same people previously leading the Party of Labour. The Party of Labour had constructed a strong personality cult in Enver Hoxha, but after his death, none of its followers could replace him. Tacitly, even before the Party of Labour was transformed into the Socialist Party, it distanced itself timidly from the personality cult. In 1991 there was no figure within PS strong enough to become the new Enver Hoxha, while the organisation was strong enough to thrive without the need of a totalising political personality. Thus, the Socialist Party was ruled bureaucratically, where different factions within the bureaucracy, sometimes with minor ideological differences, could cohabit on behalf of party unity before the 'growing authoritarianism' of the Sali Berisha-led Democratic Party governance.

Yet, in July 1993, the chairman of the Socialist Party, Fatos Nano, was arrested on corruption charges, concerning the few months in the spring of 1991 when he was the last prime minister from the Party of Labour. In spite of the veracity of the accusation, there was a general opinion, supported even by international observers, that the arrest of Fatos Nano has been politically motivated. During prison – until 1997, when he was freed after a general armed uprising

– PS transformed him into a charismatic and historical leader, the scapegoat of political persecution and revanchism.

Nonetheless, even after he was freed and took the reins of power in the party and in the government, Fatos Nano never held a grip on his party like Berisha did with PD. PS bureaucracy was stronger, and the vicissitudes of power politics allowed the Socialist Party a duality between Fatos Nano as chairman of the Party on the one hand, and other figures, such as Pandeli Majko and Ilir Meta, as prime ministers, on the other. The intra-bureaucratic struggle of PS is manifested in highly competitive party congresses, such as those of 1996 and 1999, when the motions and the candidature of Fatos Nano were strongly contested – something which has never happened in the Democratic Party.

The Socialist Party shift towards personalism started after 2005, when the then mayor of Tirana Edi Rama was elected as the new party leader, succeeding Fatos Nano. Distinguishing himself as a public intellectual in the 1990s, then holding a great amount of power, money and a business network while governing the municipality of Tirana from 2000, Edi Rama achieved the personalisation of the Socialist Party by sidelining the old party bureaucracy, putting his acolytes in key posts within party and government administration, using sham elections when he was confirmed as party leader with more than 90% of membership vote, and meticulously constructing, with the help of media outlets, the aura of a messianic leader of the party and society at large.

Personalism is evident not only in the internal organisation of parties, but also as a mode of governance, as the executive has strongly

subordinated the legislative branch of government. The first attempt to legalise personalism was the defeated constitutional referendum of 1994, when the governing Democratic Party proposed a new constitution, which, required a strong president of the republic. While proper presidentialism was dead in 1997 – when Sali Berisha left office and the new constitution of 1998 required a largely ceremonial president of the republic, personalism is still strong and embodied in a very strong prime minister. After the 2008 constitutional amendments, the party leaders were empowered against the party bureaucracy, being the ones who selected electoral candidates in a regional proportional electoral system. Nowadays the prime minister of Albania is like an elected king, with very strong official and un-official powers.

On the other hand, if we use H. P. Kitchelt's classification of links between parties and voters – 1) clientelism; 2) programmatic preference; 3) charismatic appeal⁷¹ – we can reach some important conclusions about the evolution of the Socialist Party and the Democratic Party. These parties were formed based on programmatic preference (with high doses of ideology, political nostalgia and/or revanchism) in 1990–1991. From the beginning, the Democratic Party also had the component of charismatic appeal of Sali Berisha. With the waning of programmatic preferences (to be analysed in the section about ideology), the parties increasingly relied on pork barrel politics. The latter has almost completely pushed out the programmatic preference – neoliberal standard reforms implemented during each party governments

71. Herbert P. Kitchelt, quoted in: *Challenges to Party-Building in Latin America*, edited by Steven Levitsky, James Loxton, Brandon Van Dyck and Jorge I. Domínguez, New York: Cambridge University Press, 2016, p. 56.

left little room for serious programmatic differences – but seems at ease with charismatic appeal. Today’s PS and PD can make use of extended networks of clientelism and still rely on charismatic leaders (Edi Rama and Sali Berisha) to close the ranks of an important part of their traditional supporters.

The waning of programmatic preference and its substitution by corruptive quid pro quos is visible indirectly by the evolution of electoral participation from 1991 onwards. During the first pluralist elections the participation rate was enormous – 99% of people eligible to vote. During the first two to four elections – from 1991 to 1997 – political passion was high, PS and PD had significant ideological differences and, more importantly, people believed that things could change if they acted politically. From 2001 onwards, after PS betrayed its programmatic commitments and the ideological differences with PD diminished substantially, we can see a rate of electoral participation that goes up and down 50%. In the last two general elections, the participation rate reached the historic minimum of around 46%. (See figure below.)

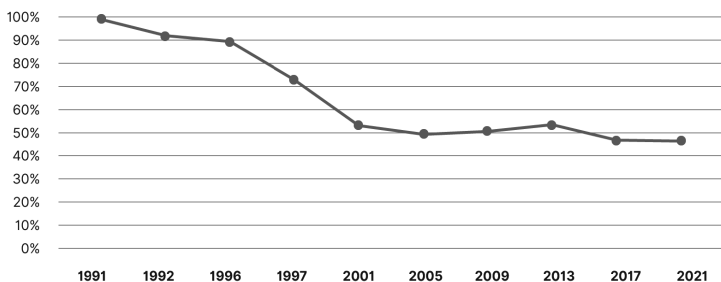


Figure 18: electoral participation over time.

While emigration is an important factor explaining the reduction in electoral participation,⁷² it is not the only one. From 1991 onwards, approximately one-third of the Albanian population has migrated to Western countries (mainly Italy and Greece, and in recent years increasingly to Germany).⁷³ Nonetheless, more than 20% of citizens currently living in Albania opt not to go to the polling stations, meaning that for them politics has lost its appeal. A growing number of those who participate in elections are aggressively encouraged (sometimes threatened or harassed from the incumbent party) to do so by the main parties. A further factor of raising electoral participation is vote buying and other forms of pork barrel politics.

The last hope of liberals and like-minded optimists about changing the political system, while keeping the logic of the social formation is the judiciary reform, started in 2016. Strongly supported by the US embassy in Tirana and the EU, this reform surrendered a part of Albania's sovereignty in judicial terms to international bodies of experts. Its aim is to clean the judiciary from corrupt judges and prosecutors. While the vetting process of judges and prosecutors revealing a corruption within the judiciary, there are important hints that the vetting process is circumventing judiciary figures linked to the ruling Socialist Party. Ultimately, the judiciary reform's ultimate effects are to be seen in the midterm future. But there is a lot of ideological mystification coming from the government, US and EU spokespersons and NGOs all

72. Albania does not provide its diaspora the opportunity to vote from the countries they live and work.

73. During the last ten years about 420.000 Albanians have emigrated to the West. A growing part is composed of highly qualified intellectual workers, such as doctors, engineers etc., who opt for Germany.

over the place – that this will be an Albanian version of *Mani Pulite*, fighting corruption and patrimonialism, reforming/dismantling the current parties, or it will become a contemporary version of a bourgeois revolution from abroad (US and EU) which empowers the industrial and export-orientated bourgeoisie in its fight against oligarchs, and consequently build the foundations of the bourgeois rule of law, checks and balances and liberal (moderate) representative democracy. Nonetheless, most probably the PS-biased new judiciary will investigate and lightly punish some second-tier politicians and officeholders in order to whitewash the political system completely.

Appendix: the electoral history of contemporary Albania

The electoral history of Albania is peculiar in terms of the duopoly of the Socialist Party and the Democratic Party. Almost nowhere else in ex-socialist European countries have two parties maintained overwhelming hegemony for more than thirty years.

Yet their electoral positions vis-à-vis each other have shown signs of radical change and continuity in different periods of the party system evolution. (For the historical electoral results – in proportional vote – of the Socialist Party and the Democratic Party – see figure on the next page.)

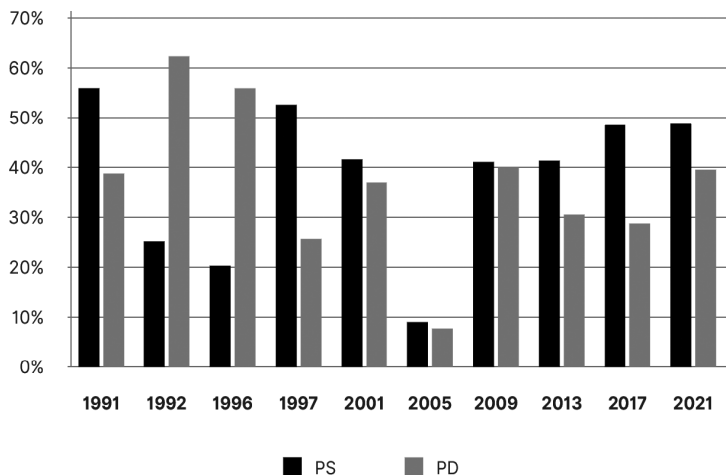


Figure 19: proportional vote of PS and PD in general elections.

We can divide the electoral relation history of PS and PD in three periods. During the first period, from 1991 to 1997, there were major shifts in terms of electoral performance of these parties. This reflected Albania's major upheavals – the fall of bureaucratic socialism and the most devastating crisis of neoliberal capitalism in 1997, when a gigantic Ponzi scheme wiped out the savings and properties (such as apartments) of hundreds of thousands of people and led to an armed uprising against the Democratic Party government. This revolt began as an insurrection against the disastrous effects of neoliberal reforms, when common people dreamed of a more social and democratic version of capitalism. Unable to construct an independent leadership, the push from below was hegemonised by the Socialist Party and quickly degenerated into social chaos. 1997 events also had a labour-relations aspect, which is silenced

in the dominant political discourse. There were reports of Luddism amongst workers, which used the opportunity of the state apparatuses' breakdown to exact revenge on the machines in their factories.⁷⁴

Beforehand, the Democratic Party had pushed forward aggressive neoliberal reforms, such as the rapid privatisation of small and medium enterprises, the abolishment of price controls for basic goods, the integration into the capitalist world-system, etc. In the first years of PD government there were some improvements in the living conditions of common people, but also a serious deterioration of public services from health care to education. An important factor of the improving living conditions has been the gigantic bubble of a Ponzi scheme. The growing authoritarianism of PD government – which was manifested not only in the imprisonment of PS leader Fatos Nano, but also in the physical

74. Daniel Vaughan-Whitehead has gathered information about the forms of Luddism in 1997: 'Numerous examples have been reported in Shkodra of textile enterprises that were totally burnt out by the workers. We interviewed the workers an Italian-Albanian shoe factory Shkodra was destroyed; all of them were young women 18–25 years of age. They reported that they had had to work for very low pay while maintaining a punishing work rate, accumulating hours of overtime that were never remunerated. The fact that many workers would even collapse during the production process did not move the manager, obsessed and profitability. The workers happily admitted having devastated the company during the crisis, breaking every single machine and piece of equipment.' Vaughan-Whitehead, *Albania in Crisis*, p. 228. In another passage the author comes to a similar conclusion: 'A direct correlation between the crisis and previous employment cuts was observed, enterprises which reduced more over the previous two years having a higher probability of suffering damage and to a greater extent.' *Ibid*, p. 235.

harassment of journalists by the police and the secret service, not least in the regular beating up of peaceful anti-governmental protesters – empowered the Democratic Party government, which managed to win the 1996 elections by a large margin (also due to the last-minute withdrawal of the Socialist Party from the electoral process, on the grounds of alleged rigging and intimidation).

In 1997, three months of increasingly radical anti-governmental protests triggered by the burst of the Ponzi scheme bubble turned into a major armed uprising against the government, mostly in Southern Albania, a historical stronghold of the Socialist Party, and the complete temporary breakdown of state apparatus. The 1997 elections – held while guns were being distributed to the population, with the constant threat of the radicalisation of armed conflict and with the Democratic Party having almost no possibility of campaigning in most areas of Southern Albania – signalled an enormous electoral shift towards the Socialist Party.

The second phase, starting from the general elections of 2001, represents the temporary consolidation of the equilibrium between the Socialist Party and the Democratic Party. In 2001 PS won, in 2005 and 2009 PD won, and in 2013 PS won again – while the electoral difference between the parties remained very small (for example in 2009 PD was slightly behind PS in proportional vote, but won the majority of parliament seats due to building a larger pre-election coalition). The anomaly of the 2005 elections, when PS got nearly 8% of proportional vote and PD nearly 7% was the result of a highly opportunistic electoral strategy from each party to shift the votes of their electorates towards allied minor parties. Hence, their coalitions

would elect more MPs due to a mixed electoral system, in which proportional votes for parties were supposed to correct the misbalances of the majoritarian (first-past-the-post) subsystem.

The electoral equilibrium between 2001 and 2013 (the 2013 elections were a sign that another phase would begin shortly afterwards) reflected the consolidation of the capitalist system in Albania. This was the period of the privatisation of big enterprises, banks, telecommunications, hydropower plants, oil wells and refineries, mines etc., of the first steps towards the commodification of health care and education institutions, and the experimentation of a low flat tax. Relative political stability reflected the rise and consolidation of a bourgeoisie which, firstly was quite dependent on the political parties, but afterwards showed signs of relative autonomy. Remittances were an important factor in soothing social tensions. Meanwhile there was still economic space for small businesses (mostly family-based), and medium businesses (in the food and textile industry).

This second phase began to wane politically after 2013, while the structural economic factors behind it should be looked for in the aftershocks of the 2008 crises of capitalism that slowed the pace of the Albanian economy, while seriously reducing the remittances from Albanians working in Greece. The compensating factor for the reduction of remittances and the slowing of the production growth was the increasing criminalisation of parts of the economy. From 2016 onward, there have been reports of growing cannabis cultivation and trafficking from Albania towards the West. Criminal gangs, well connected to parts of the police and in concomitance with high government

officials,⁷⁵ grew exponentially, became very rich, tried money laundering through the real estate sector and, most importantly, fuelled the corruptive political machine, mainly of the ruling Socialist Party. This consolidated SP's grip on power. For the first time in Albania's recent history, a party was able to win three consecutive general elections.

The current hegemony of the Socialist Party, which is slowly eroding the two-party system and signalling the third period of the party system, is linked not only to the criminal underground, but also to the quickening pace of accumulation by dispossession from the economic oligarchs. The years from 2013 onwards have been characterised by radical neoliberal reforms in high education and health care, PPPs as an economic mode of governance and the usurpation of public spaces (from city parks to beaches) for private investments, reflected especially in the construction of trade centres, hotels, seaside resorts, etc. Seemingly, the current pace of accumulation by dispossession needs a stronger government, which rules by using sham elections – strongly impacted by vote buying, and ready to crush or manipulate any serious collective form of resistance. The current Socialist Party – better organised and more disciplined than its traditional rival, successfully combining hard and soft power – seems to be what the economic oligarchy in this phase of neoliberal reconstruction needs.

75. Saimir Tahiri, the Albanian minister of the interior 2013–2017, is currently in prison for helping drug traffickers.

IV.

CRITIQUE OF THE RULING IDEOLOGY

From utopia to resignation

Few countries started the transition to capitalism with more enthusiasm than Albania. The economic conditions of the last years of bureaucratic socialism were dire: even finding milk in a state-owned shop was considered a sign of providential luck. In 1991 and 1992 the Western powers, especially the US ambassador in Tirana, strongly and overtly supported the anti-communist forces, i.e. the Democratic Party. They did not promise concrete measures to uplift the Albanian economy other than the standard pro-market reforms which by themselves would foster prosperity for all. Yet they hinted at the possibility of Albania achieving the West European standard of living in a few years.

When a great transformation is under way in a very poor country, people are allowed to dream big. One of

the commonest daytime dreams was the possibility to transform Albania into the Switzerland of the Balkans. I remember listening to small talk between grown-up neighbours in early 1992 as a child, when one of them was fully convinced that a long caravan of ships – from behind Sazan Island in southern Albania to the Italian shore – was waiting for the victory of the Democratic Party to reach Albania's ports and lift people from want and poverty.

Like other ideological utopias, the Albanian was full of contradictions. Common people used to believe that on the other side of history they could keep the good stuff of socialism (the welfare state, full employment, even workers' self-management), while adding to it the good stuff of capitalism (private property, abundant consumer goods, individual freedom etc):

According to a U.S. Information Agency public opinion survey conducted in 1991, while the overwhelming majority of Albanians (90 percent) favored a market economy, only a third believed that individuals should take more responsibility for themselves. More than half of the respondents expressed the view that the state should take more responsibility for providing for everyone.⁷⁶

Even in comparison with other Central and Eastern European people, Albanians were the most enthusiastic about the transition to capitalism, at least since 1995.⁷⁷ The reasons are multiple. Firstly, the economic catastrophe of bureaucratic socialism

76. United States Information Agency, *Albanians Speak Out on Political Issues*, Washington, D.C.: Report M-99-91, 15 July 1991, quoted in: Biberaj, *Albania in Transition*, p. 72.

77. R. Morozzo della Rocca, *Shqipëria, rrënjët e një krize*. Tiranë: Shtëpia e Librit dhe e Komunikimit, 2000, p. 40.

had been complete, hence any social formation giving common people access to basic foodstuffs was viewed sympathetically. Secondly, massive emigration was not only a remedy to the massive unemployment of privatisations, but also meant a rise in the standard of living of Albanian workers abroad. Thirdly, the deterioration of public services was somehow compensated by the remittances Albanian families received from their relatives abroad. Fourthly, and most importantly, the early 1990s were the epoch of great social mobility, when poor people could really believe they had a chance to succeed in trade, small businesses or other economic activities. The dream of a Jeffersonian/Rousseauian small-owner democracy and market economy was pretty strong. Even people failing in an enterprise could still hope to recuperate in an economic situation where there was no big bourgeoisie.

This enthusiasm with small-scale capitalism fuelled the popular belief in the miraculous effects of the Ponzi schemes. Their origins lay in the early 1990s, but they peaked in 1995 and 1996. Several 'rentier firms' or 'charity foundations' – as they were called at that time – were given legal status and borrowed money for a monthly rate of 8%–10%. In the second part of 1996, reaching their climax, some rentier firms began to promise a rate of return of 200% in three months. The government tacitly supported this scheme and encouraged the belief that this was the miraculous capitalism promised in 1991–1992, where everybody could become rich in few months, by none other activity than just lending money. Tens of thousands of Albanians (and a large chunk of the Albanian migrants working in Greece and Italy) put their savings into these firms, hoping for quick rewards. Some even sold their houses. Late in 1995 the IMF, until then

silent, warned the Albanian government about the consequences of the Ponzi schemes, but did not go public until autumn 1996. The Democratic Party government did not do anything to control or impede those rentier firms, while the opposition Socialist Party did not dare go counter to the popular belief of miraculous capitalism.

Obviously, the Ponzi schemes can temporarily function as long as there are progressively more people lending them money. Once some people started to question their functioning, withdrew from the scheme or preferred not to reinvest their gains, the system crumbled almost immediately. A rush towards the rentier firms' offices was followed by clashes with the police. Two months after the first rentier firm went bankrupt, the army barracks were stormed in Southern Albania, a popular armed revolt began and the state apparatus broke down completely for more than three months. This signalled the end of the first phase of capitalist reconstruction of Albania's economy and society.

Parties' ideology: transformation and convergence

The first years of capitalist reconstruction of Albania have been characterised by a relatively serious ideological debate. It was mainly a political debate, notwithstanding some intellectual contributions. It did not question whether Albania would take the capitalist route, but what kind of capitalism was going to be implemented. The socialist cause was

considered a non-option, but there were, at least in the political imaginary, different possible options of capitalism.

The Democratic Party embraced a full-throttle capitalist reconstruction, guided by the neoliberal prescriptions of shock therapy and structural adjustment. In the 1992 electoral campaign, one of its main representatives, Gramoz Pashko, after returning from a visit to the USA, declared that the US were considering giving Albania a 'blank cheque' – meaning full financial support in order to engage in capitalist reforms. A few spoke about capitalism, none about neoliberalism. The code word for hegemonic success was 'market economy'. In the socio-political imaginary of the Democratic Party, the market economy should have been implemented as soon as possible, without delay or any prior institutional framework. The entrepreneurial energies of common Albanians – considered a pro-capitalist people par excellence, different from their more reticent neighbours – would have constructed a proper functioning market economy and liberal democracy. Evidently, the utopian impulse envisioned a thriving market economy of small owners, with little economic differentiation, with no massive exploitation of wage labour (workers were supposed to run their enterprises collectively). The 'absolute' equality in poverty during socialism was supposed to be transformed into a 'relative' inequality in prosperity of the market economy.

Against this enthusiastic view of capitalism – which legitimised aggressive privatisations and other neoliberal reforms like taking away price controls for basic goods, eliminating subventions for state enterprises, a flexible currency exchange, opening of

the economy to the global market etc – the Socialist Party built a counter-narrative of slow market reforms, which should have been followed by the strengthening of the welfare state. PD dreamt about small owner capitalism, while PS dreamt about a Scandinavian welfare state in the midst of a peripheral and bankrupted economy.

The Socialist Party: from democratic socialism to neoliberalism

The ideological evolution of the Socialist Party should be analysed in the context of its emergence from the Party of Labour and the political uneasiness during the first years of its political existence. In 1989 and 1990, within the higher ranks of the party there were discussions about how to reform socialism. They thought, without using the proper name, in terms of market socialist reforms: state enterprises would have to be competitive and efficient, while being administrated by workers' representatives. The enormity of the economic crises wiped out this project, and on 31 March 1991 the Party of Labour contested the election not as the party trying to built socialism, let alone communism, but as the only alternative offering a slow and responsible integration to the world capitalist economy, without tumults or social conflicts.⁷⁸ It perceived itself as a civilised force, in contradistinction with the anarchic and lumpen-based Democratic Party of disorder.

In the government programme of its post-electoral government (which was forced to resign in about one month by the general strike of workers), Prime Minister Fatos Nano spoke about the necessity to keep state

78. See *Zëri i Popullit*, no. 78, 2 April 1991, p. 3.

ownership and management in the strategic sectors of the economy, leaving a broad part of the economy in the hands of the private sector. Obviously, state-run enterprises were expected to become efficient, and market-responsive;⁷⁹ hence no talk about socialism, state planning or workers' control of the factories.

After the constitution of the Socialist Party – at the 10th congress of the Party of Labour, the party dissolved itself and the delegates immediately formed the new Socialist Party – the party tried to depict itself not only as the responsible agent of slow reforms towards market economy, but also as a party of European democratic socialism, whose philosophical basis also lay in the 'humanist ideas of Marx'. In the programme there were important mentions of democracy, tolerance, solidarity, a properly organised market economy, avoiding the extreme concentrations of wealth and power.⁸⁰ EU integration was one of the country's goals, while there was no mention of NATO integration (about which scepticism was to linger for several years).

Considering itself a party of wide popular strata, during its first years PS did retain a discursive inclination towards the working class. For example, two days before the general elections of 22 March 1992, its official newspaper (*Zëri i Popullit* – *The People's Voice*) headline appealed to social subjects in this order: workers, peasants, youth, intellectuals, war veterans, soldiers and officers.⁸¹ For a few years workers would remain the first social subject of PS political discourse, even though it made little efforts to organise and energise the working class facing deindustrialisation and massive lay-offs.

79. *Zëri i Popullit*, 10 May 1991, p. 1.

80. *Zëri i Popullit*, 3 July 1992, p. 1.

81. *Zëri i Popullit*, 20 March 1992, p. 1.

In 1993, when its leader was imprisoned, the public discourse of the Socialist Party began to radicalise politically, while becoming more moderate in social and economic terms. Before his imprisonment, Fatos Nano spoke about the fascist tide and McCarthyism threatening Albania. He accused the US diplomats in Tirana for his arrest.

Alternatively, the Socialist Party began to appeal to disgruntled liberals, who were becoming disillusioned with the PD rule. In 1994, the Democratic Party called a referendum for the new constitution of the country. It was presidentialist – aimed at strengthening the powers of the president. This was the second move that pushed PS political discourse to stress the authoritarian peril of PD and Sali Berisha's rule. In order to face this threat, the Socialist Party had to build a large tent coalition, which comprised political forces from the centre and the centre-right. In order to make this coalition viable, PS decided to water down its leftist discourse. It started talking about a responsible and civilised capitalism (where the private sector was supposed to be dominant, and taxes lowered), a political system based on tolerance, a condemnation of inverse class struggle (revanchism of the government), etc. This shift can be spotted in the popular appeal of *Zëri i Popullit* before the November 1994 constitutional referendum. Unlike in 1992, now the first social subject to be appealed was not workers, but intellectuals.⁸²

After the defeat of the 1994 constitutional referendum, the Socialist Party seemed confident on its path towards being transformed into a centre-left party. Its new political programme (December 1994) stressed more strongly than before the need for privatisation,

82. *Zëri i Popullit*, 9 November 1994, p. 1.

while for the first time PS implied its quasi-support for NATO integration, starting from the Partnership for Peace, and tried to ameliorate its relations with the US administration.

From 1995 onwards, there were articles in *Zëri i Popullit* calling for the drop of Marx from the party's political programme, while Fatos Nano urged from prison to move the party from the signifier of democratic socialism towards 'free initiative plus social solidarity'.⁸³ If during their first two or three years the Albanian Socialists were inspired by Austrian and German Social Democrats, from 1995 onwards they began to look towards New Labour and Tony Blair in the United Kingdom. The latter were praised for being bold enough to put down Labour's historical programmatic Clause IV concerning the common ownership of the means of production, distribution and exchange.

The Socialist Party entered the 1996 general election campaign as a moderate party of the centre left (although its radicalism had been always discursive, lacking radical action and real support for the working class). Its electoral programme spoke about the need for rapid NATO integration, and a foreign policy orientated towards the USA and the EU. They stressed the need for quicker privatisation and accused the Democratic Party of slowing its tempo due to corruptive motives. They still promised proportional taxation, but on a moderate scale and without threatening investments or generally the enrichment of the new ruling class.⁸⁴

83. *Zëri i Popullit*, 8 September 1995, p. 2.

84. *Zëri i Popullit*, 2 May 1996, p. 4.

The Socialist Party was soundly defeated in the May 1996 general elections, in spite of the important claims of intimidating electoral commissioners and rigging the result. One part of the party bureaucracy responded to the defeat by claiming it came not only because of the authoritarianism of Sali Berisha, but also because PS was not reformed or moderated enough. In August 1996, Fatos Nano sent a motion from prison and, after attacking the main part of the party bureaucracy as Marxists, asked for full reformation of the party, the elimination of any reference to Marx and democratic socialism, and the building of a large anti-authoritarian coalition with every party opposing PD, independently of their ideological stance. He faced some resistance, especially from the old moderately Marxist bureaucrats. Symptomatically, in the party congress the vice-chairman of the party and self-proclaimed Marxist Servet Pëllumbi began his speech with the traditional 'comrades', while Fatos Nano's speech (read by someone else) began with 'brothers and sisters'. In the end Fatos Nano's motion won overwhelmingly and this was the last important move in the ideological shift of the Socialist Party.

Since the aftermath of 1996 elections the political discourse of the Socialist Party became staunchly pro-US, accusing the Democratic Party government of threatening the strategic relationship with the US administration. The US had been growingly critical of the PD government, especially about the general elections, and more importantly it was annoyed by some of Sali Berisha's erratic moves in regional politics. Zëri i Popullit began accusing Sali Berisha of being a communist, a dictator and a threat to the country's relationship with the USA.

In 1997, the Socialist Party benefited from the collapse of the state apparatus and came to power without

having to promise structural changes in the course of the capitalist reconstruction of the economy. It used the empty coffers of the state to legitimise the aggressive neoliberal reforms in concordance with the IMF and the World Bank. If the Democratic Party government had succeeded in privatising small and medium enterprises, it was the Socialist Party which would lead the process of privatising big enterprises, even in strategic sectors (an anathema to party ideology just a few years ago). It raised the Value Added Tax to 20%, while boasting in 1997 that the government programme was beyond left and right, pursuing standardised reforms.⁸⁵ Its successive government objectives were overtly neoliberal, such as zero inflation, the reduction of public debt, the reduction of public spending, etc.⁸⁶

Feeling confident by the political isolation of the Democratic Party (Sali Berisha was considered a quasi-pariah in international milieus, especially after the failed armed uprising in 1998 in response to the killing of a PD member of parliament) and the support of Western government and institutions. Prime Minister Fatos Nano viewed his party as the cornerstone of a progressive alliance, whose main trait was its civilising mission. During a speech in November 1997 he spoke about the 555 years of atavism of ruling Albania.⁸⁷ He was referring to the 500 years of Ottoman occupation, 50 years of communist rule and five years of PD and Sali Berisha's governance. The newly-remodelled Socialist Party was supposed to be the civilising force fighting to leave behind the obscurantism and backwardness of three allegedly Oriental powerhouses, which had for so long impeded Albania's path towards Western modernity.

85. L. Shahollari, *Dritë në fundin e tunelit*, Tiranë: Emal, 2009, p. 45.

86. *Zëri i Popullit*, 5 November 1999, p. 2.

87. *Zëri i Popullit*, 1 November 1997, p. 3.

After temporarily losing the power struggle within the Socialist Party, Fatos Nano hinted at something more to the left – such as the slogan in 1999 (‘yes to market economy, no to market society’). Nonetheless, the Socialist Party was going full-throttle towards the ideological convergence with PD on the terrain of neoliberalism.

The final step in the ideological transformation of the Socialist Party came after 2005 with the ascent of Edi Rama to party leadership. Rama had been a public intellectual during 1990s. He distinguished himself for the harsh political and cultural critique of Sali Berisha and PD government, but never had something to say about the economic reforms. He was the embodiment of a hegemonic aspect of PS political discourse, namely the thesis that they were the party of civilisation facing a ‘barbaric horde’ led by the Democratic Party. Having administrative experience as the mayor of Tirana from 2000, where he used to see problems in technical terms of efficiency and opted for the aestheticisation of politics, Edi Rama fought against any remnant of leftist self-identification within the Socialist Party. Before the general elections of 2009, he put forth the slogan ‘beyond left and right’.⁸⁸ Accordingly, these political and ideological cleavages were allegedly anachronistic, and part of the ‘old politics’.

The Socialist Party lost the 2009 elections, albeit by a small margin. Edi Rama was challenged by a handful of party bureaucrats. But the enormous power he had within the party – fuelled by the political and economic influence of administrating Tirana municipality where he built strong connection with construction oligarchs – was no match for his rivals within the party. In 2013 the Socialist Party was less

88. *Zëri i Popullit*, 2 May 2009, p. 11.

vocal publicly about its previous 'beyond the left and the right' slogan, and promised something more akin to welfarism, such as free health care, or a progressive tax of no more than 15% (compared to the 10% flat tax of the PD government). Its programmatic analysis of the economic development of Albania had some traits of understanding that the dominant economic model was extinguishing its potentials, while promising new economic policies and measures of social justice.⁸⁹

Understandably, for a party which had lost any popular dimension, the Socialist Party did not fulfil its pre-election promises. Its governance from 2013 onwards has been most radical in terms of neoliberal structural adjustments. Edi Rama-led government is aggressively using Private Public Partnerships; it has lowered the taxes for the rich, passed a higher education law which commercialised public universities and allowed the state funding of private universities. It is fully engaged in a process of accumulation by dispossession in the mineral and oil sector, in public spaces, etc., while health care and other important sectors of society are continuously and aggressively commodified. Its political discourse has become more cynical, claiming its superior administrative capacities in comparison with PD, and being the radical pro-Western political force, especially after the ideological evolution of PD in recent years into a party similar to the populist right in the USA and Europe.

89. *Aleanca për Shqipërinë Evropiane: Programi i qeverisë 2013–2017*. Link: <http://www.shtetiweb.org/2013/09/11/programi-i-qeverise-rama/?aid=9978&sa=1> (Last accessed on 25 October 2022).

The Democratic Party: from shock therapy to conspiracy theories

The Democratic Party was formed in the wave of growing popular discontent with bureaucratic socialism. Its origins lay in the first protests of university students and their coming under the hegemony of intellectuals disgruntled by the regime. During its first weeks and months as the first legal opposition party, PD was timid in its critique of the ruling party. The protests of students in Tirana, workers in several cities and common people were far more radical than the Democratic Party activities and political discourse. In the beginning, PD tried to distance itself from the radicalism of the streets, even supporting the political reforms started by Ramiz Alia, the first secretary of the Party of Labour and the president of the republic.⁹⁰

From the outset, there were four trends within the political discourse of the Democratic Party. On the neoliberal side were the economists, led by Gramoz Pashko, who asked for quick and harsh market reforms from the beginning. They demanded the privatisation of most state enterprises, which were obsolete and were impoverishing the state budget. In order to appease workers, they proposed a temporary solidarity fund, while hoping that the rapid privatisation reforms would create more jobs. On the leftist part there was a workerist critique, made by journalists which criticised the Party of Labour from the left. In PD official newspaper, *Rilindja Demokratike*, one could find several leftist articles accusing the regime

90. See 'Declaration of the Initiatory Commission of the Democratic Party on 12 December 1990', quoted in: L. Progni, *Trashëgimtarët. Partia Socialiste midis transformimeve dhe vazhdimësisë*. Tiranë: Ideart, 2009, pp. 64–65.

of being a red bureaucracy, exploiting workers, and urging the latter to take over factories and run them by themselves.⁹¹ PD was also approached by those who considered themselves persecuted by communism, and asked for radical anti-communist commitment. One of their first critiques was that communists were appropriating key sectors of the economy; hence transforming themselves into the new bourgeoisie, leaving nothing to the traditional and deserving ruling class.⁹² Nonetheless, the centre of the party, coming increasingly under the hegemony of Sali Berisha, had a more catch-all political discourse and stressed nationalism, democracy and human rights as the main pillars of PD ideology.

In order to win over the peasantry (and responding to the criticism of the Party of Labour that PD was the political offspring of pre-socialist ruling classes), the Democratic Party continuously declared it had no plan to return agricultural land to expropriated latifundistas and rich landlords. It supported a popular agrarian reform, in which the disbandment of state-controlled collective farms would lead to an egalitarian division of land among peasants.⁹³ Its future Minister of Agriculture, Rexhep Uka, wrote before the general elections that the return of agricultural land to pre-socialist big landlords would mean a return to feudalism.⁹⁴ Generally, the only difference between PD and PPSH/PS was that the latter were in favour of granting peasants possession of agricultural land, without the right to commodify it (sell and buy), while PD was in favour of a more commodified land reform.

91. See for example Bashkim Trenova's article 'The bureaucracy is frightened by the "spectre" of the proletariat', in: *Rilindja Demokratike*, 13 March 1991, pp. 1-2.

92. *Rilindja Demokratike*, 2 October 1991, p. 5.

93. *Rilindja Demokratike*, 2 March 1991, p. 1; 29 June 1991, p. 1.

94. *Rilindja Demokratike*, 4 March 1992, p. 3.

One of the accusations PD faced between 1991 and 1992 was that it had become the party of Albania's lumpenproletariat. Paradoxically, this accusation came from a party whose 47-year rule left no ideological space for the social existence of lumpenproletariat. Nonetheless, together with the support of the majority of the working class, PD also had the active support of the unemployed and other people living on the margins, who saw with enmity the disciplinary power of the Party of Labour. This stratum, mostly young and unemployed, was the most radical in action, in protests and clashes with the police. They were the spearhead of a movement that from time to time risked transforming the relatively controlled transfer of power to a chaotic clash. PD was aware of the street power of the 'lumpens', but also feared its independence and its alienating impact on the more 'respectable' parts of society. Therefore it even thought of educating them after winning power.⁹⁵ After 1992, the most successful among this stratum became one of the components of the Albanian bourgeoisie.

The Democratic Party entered the historical March 1992 general elections as a catch-all party, supported by everyone who was discontent with the previous social formation and asked for a substantial change in government: from former fascist collaborators to liberals, nationalists, leftists and everyone dreaming about a new and Europeanised Albania. This historical mood was reflected by the very popular slogan used by Sali Berisha before the elections: 'We have all been jointly responsible to varying degrees for the survival of the dictatorship, at least for the 99.9% vote we gave it out of fear. We were all also its victims, however.'⁹⁶

95. Rilindja Demokratike, 1 October 1992, p. 3.

96. Sali Berisha quoted in Biberaj, *Albania in Transition*, p. 139.

Interestingly, PD's political platform of March 1992 did not mention communism as the ideological enemy, but Hoxhaism.⁹⁷ Therefore no one had to fear the coming in power of the Democratic Party, and a process of historical reconciliation would help the market transformation of Albania's economy and society. At least this was the utopia of that moment.

Before taking power, with the hope of consolidating its influence on the working class, the Democratic Party promised that state-run enterprises would be privatised by the workers themselves. They would be run in capitalist mode and environment, but workers would be the shareholders. In 1995, a law was passed to allow for the privatisation of enterprises by workers. It distributed bonds to the public and expected them to be used in a collective and egalitarian mode of privatisation. Nonetheless, what happened was that these bonds were bought for ridiculous amounts of money by the emerging bourgeoisie, which had accumulated capital through trade, criminal activities and early privatisations. The result was the privatisation of important assets of the Albanian economy for very small amounts of money, leaving the state budget in a dire situation and workers without their factories.

PD entered the May 1996 general elections as the party of the market and democratic transformation of Albania, generating a fictional level of prosperity coming from the extension of the Ponzi schemes. Its leftist faction was extinguished almost immediately after 1992 elections. (Neo)liberals were expelled from the party not because of their ideology, but because they began to question Sali Berisha's leadership. The ideological hegemony in PD went step by step in the

97. *Rilindja Demokratike*, 22 February 1992, p. 1.

direction of the (neo) traditional right. This does not mean that they had real power within the party, but only that the centrist and pragmatic rule of Sali Berisha was increasingly borrowing from the right in order to respond to the opposition coming from the Socialist Party. In 1994, after defeating PD in the constitutional referendum, PS grew confident that the ideological move to the centre was the road to power. This was perceived as a threat by PD, which stressed more strongly its anti-communist rhetoric, depicting PS as the non-reformable offspring of the Party of Labour. Its appeal to voters before the elections of 26 May 1996 spoke about the political antinomy of freedom vs socialism, faith in God vs atheism, private property vs collectivism, EU integration vs isolation, low taxation vs the socialist-communist progressive taxation.⁹⁸

The Ponzi schemes bubble burst caught the Democratic Party unprepared not only politically, but also ideologically. The eruption of massive and violent protests in January and February 1997 meant that the small-owner and free-initiative ideology of capitalism had collapsed. Sali Berisha defended his government by declaring his faith in free initiative and the untouchable pillars of a market economy. He praised the government for the business-friendly level of taxation – the lowest in Europe, and blamed the opposition for exploiting people’s anger. When the protests turned into an armed uprising in March 1997, the Democratic Party condemned it as a communist rebellion, whose aim was to restore communism.

The pariah status of the Democratic Party from 1997 until the early 2000s meant that in the political discourse of PD one could find a plethora of positions, some coming close to a resentful anti-imperialism

98. *Rilindja Demokratike*, 25 May 1996, p. 1.

(implicitly accusing US and EU governments for supporting ex-Communists – something that has re-emerged in the PD political discourse after May 2021, when the US Department of State declared Sali Berisha persona non grata on corruption and destabilisation charges).

After coming to power in 2005, PD political discourse regained its hard pro-Western and pro-market tone. In 2008, when Albania joined in NATO, Sali Berisha (then prime minister) spoke about ‘the miracle of freedom’⁹⁹ at the NATO summit, resuscitating the Cold War propaganda. In the second period of its governance – from 2005 to 2013 – PD was using neoliberal politics and rhetoric more boldly. For the first time in Albania’s contemporary history, it implemented a flat tax (10%), and tried to spread the commodity logics to higher education. Nonetheless, the Democratic Party and Sali Berisha’s political discourse always had a populist and social-conservative aspect. In the same speech, Berisha justified the shock therapy of the early 1990s and declared himself a staunch supporter of the welfare state.

The structural reason for this ambiguity lay in the social composition of PD popular constituency. In spite of the cultural hegemony of the pre-communist privileged social groups, the largest cohort of PD supporters were people of modest social origins, who came to Tirana and other major cities in the early 1990s, especially from the poorest parts of the North, and built their lives as factory workers, precarious workers, unemployed, small traders, etc. The full implementation of the capitalist logic would have been detrimental for them. So, paradoxically, the party of the (centre-)right was always more sceptical, in

99. *Rilindja Demokratike*, 4 April 2008, p. 2.

practical terms, of the advancement of big capital. This was expressed by its relative reluctance to engage in urban gentrification (such as expelling the poor from their 'illegally' built houses), or the tolerance of non-payment of electrical and water bills. The dream of a small-owners' capitalism lingered in the margins of PD governance and, more importantly, in its political rhetoric.

In contrast, the Socialist Party nowadays perceives itself as a modernising and efficient ultra-capitalist party. It has been more aggressive in gentrification and in fiscally disciplining the poor. Its politics seem more helpful to Albania's big bourgeoisie (oligarchs). Its somewhat liberal rhetoric in terms of gender and other identity issues, in contradiction with the growingly right-populist rhetoric of PD (anti-Soros, conspiracy theories, pro-family as anti-women emancipation ideology, etc.), has made PS the preferred partner of US and EU institutions.

In spite of these differences, from 1997 onwards we have witnessed the ideological convergence of PS and PD in terms of structural economic reforms. Capitalism and neoliberalism remain unchallenged, while economic support from oligarchs, in exchange for favourable (and corruptive) policies after taking power, is vital for each party. The political debate has shifted from programmatic to personal accusations and cultural issues. Their current status is closer to what Katz and Mair have called a cartel system:

The cartel thesis projects these trends as continuing, ultimately (again, in ideal typical terms) with the connection between party and civil society being largely severed, and with the governing of mainstream parties becoming so similar to one another in structural characteristics, policy proposals, personnel

types, and self-referential interests that it becomes reasonable to think about 'the parties' as a group, rather than as individual parties to be considered independently.¹⁰⁰

In contrast to Katz and Mair's theses, according to which cartel parties are increasingly dependent on state funds, the economic viability of PS and PD is based not only on clientelism (using state power to distribute benefits to their supporters), but more and more on their services to economic oligarchs. Hence, they diminish the costs of losing power by helping each other obtain funds from oligarchs and not prosecuting each other, despite the harsh accusations of corruption they exchange continuously.

The idea of Europe as a master Signifier of intellectual discourse

Europe is the foundational myth of bureaucratic socialism's second generation of intellectuals. The first generation, moving rapidly in the social ladder from very modest social background and partly educated in the Soviet Union and other socialist countries, was generally a loyal supporter of bureaucratic socialism. The second generation, from 1970s onwards, grew sceptical of the regime and started to dream in private about an alternative. The 1970s saw the beginning of the economic and cultural isolation of the regime, which had less to offer to intellectuals in terms of material benefits and social status. This generation of intellectuals was mostly the offspring

100. R. S. Katz and P. Mair, *Democracy and the Cartelization of Political Parties*, Oxford: Oxford University Press, 2018, p. 127.

of the first generation. This meant they took their intellectual status for granted and wished to compare themselves to their Western homologues. Especially in the 1980s, when the economic crisis deteriorated the living conditions of almost everyone, intellectuals craved for a utopian alternative, which in their eyes was embodied by Europe perceived as Western European states and institutions, a realm of economic prosperity, and also a superior civilisation.

From 1990 onwards, their idea was transplanted to common people, who also needed a utopia that could strengthen their fight against the gerontocratic socialist bureaucracy. If common people viewed Europe more in terms of standards of living and consumerism, intellectuals asked and expected more from their master signifier. This idea was on the one hand used to justify the economic sacrifices of neoliberalism, and, on the other hand, functioned as a Big Other continuously judging Albania's tormenting path towards it.

For Albanian intellectuals, Europe was not only a civilisational destination, but also the identity of the Albanian people. In their perspective, Albanians have always been Europeans in cultural and civilisational terms. Europe was fetishised and de-historicised. Its history was imaginarily cleaned from class and other forms of social struggle. Its imperialism went either unmentioned, or justified as a civilising endeavour gifted to ungrateful and culturally inferior people. Its history was conceived as a long evolution from rudimentary elements going back to the Greek-Roman civilisation to the epoch of prosperity, market capitalism, human rights and tolerance. More importantly, the idea of Europe was considered a

beacon of hope, whose light could inspire those who shared with it a common ancestry and civilisation, i.e. Albanians.

Yet this common belongingness was blocked by a chain of historical accidents that, while moving Albania away from its European destiny, never managed to sever the emotional links between Albanians and the European 'civilisation'. What supposedly created a huge cleavage between Albania and Europe was the traumatic conquest and five-century rule of the country by the Ottoman Empire. The long conquest and cohabitation conditioned even the massive conversion of Albanians from the two traditional branches of Christianity (Catholic and Orthodox) to Islam. For some intellectuals, this proselytism was a very important component of the plan to de-Europeanise Albanians. The Ottoman period was interpreted as obscurantist, proto-totalitarian, and culturally alienating. Much of Albania's contemporary problems, such as laziness, unpreparedness for capitalism and liberal democracy, disrespect for the rule of law, etc., were attributed to the impact of the Ottoman cultural alienation.

Albania declared its independence from the Ottoman Empire in 1912. Yet, for contemporary intellectuals, this was not the end of Oriental influence. From 1914, when a peasant-based uprising with Ottoman sympathies erupted in Central Albania, to the anti-fascist struggle which put in power the 'anti-Western' and 'anti-European' communists,¹⁰¹ to contemporary politics, the Oriental and anti-European trend was considered the main obstacle to Albania's progress.

101. I. Kadare, *Mosmarrëveshja. Shqipëria përballë vetvetes: Sprovë letrare në tri pjesë*, Tiranë: Onufri, 2012, p. 203.

While for liberals the Ottoman Empire (and implicitly Islam) was the arch-culprit of Albania's current problems, for a number of conservative intellectuals, especially coming from a Muslim cultural background, the Oriental target was different. They looked towards closer neighbours, such as Serbia and Greece, as politically and culturally detrimental to Albania's belongingness to Europe. This view was more overtly nationalist than the liberals'. Albania's identity and nationalist aspirations were considered fully European, but thwarted by neighbours who were either non-Europeans (i.e. not belonging to West European civilisation), or tried to manipulate West European states in order to thwart Albanians' aspirations. Albanian communists, in this perspective, were considered not only anti-Europeans ideologically, but also the offspring of Serb nationalism. Since the early 1940s, reactionaries and conservatives have ideologically interpreted the fact that during the foundation of the Communist Party of Albania there were two Comintern delegates, one Serb and one Montenegrin, to reach the conclusion that Albanian communists were the hidden hand of Serb nationalism.

What unites the liberal and conservative approaches are communism and the rule of the Party of Labour after the Second World War. In their perspective, communism was a totally un-Albanian and un-European idea that got hold of Albania for purely accidental reasons (geopolitics, or the criminal ruthlessness of Albania's communists in dealing with their political opponents). Communists were collectivist like the Ottomans and Serbs/Greeks, while Albanians were considered genuine

individualists, like all good Europeans.¹⁰² Communists were ruthless totalitarians, while Albanians' original attitude was supposedly tolerant. More importantly, they isolated Albania from the West, and were open to alien cultural influences, such as those coming from Russia, Yugoslavia, and China. Even the specific Stalinist tendency of Albanian Communism was explained as an Oriental deviance.¹⁰³

While stressing the European heritage as the backbone of Albanian identity, these intellectuals shared an elitist and anti-popular attitude towards contemporary political and social problems. They reproached common people's behaviour as conditioned by the Oriental past (Ottoman, Serb/Greek and Communist). Obviously, the proper guarantor of Albania's European heritage and historical destination were the intellectual elite. They talked about the Oriental psychology of common Albanians,¹⁰⁴ and only a political regime that was elitist or a large re-educational process would make the people go back to their historical European roots and share the attitudes of contemporary Europeans.

This latter element explains the capitalist reproduction function of the intellectuals' ideology. They saw that the reality of Albania's capitalist transformation was much harsher, more exploitative and destructive than what they had dreamt about. But they could not blame the new relations of production, nor the capitalist social formation as a whole. The culprit

102. A. Klosi, *Shqipëria zgjim i dhimbshëm. Albania painful awakening*, Tiranë: Botimet Albania, 1991, p. 73.

103. A. Plasari, *Vija e Teodosit rishfaqet. Nga do t'ia mbajnë shqiptarët?*, 1992, p. 51. The book retrieved from the Albanian National Library contains no information about the publishing house.

104. See Edi Rama's article in Klosi, *Shqipëria*, p. 25.

was to be found in history. It could not influence formal institutions and laws, which were copy-pasted from Western and European states. Therefore the main factor in blocking the people's path towards Europe were the people themselves. Their cultural backwardness explained their resistance to capitalism. They resisted becoming wage labourers by clinging to small ownership, artisanal or other forms of independent economic activity. They disrespected the liberal political institutions. They entered in clientelist relations with political parties, etc. These were not considered survival stratagems in an epoch of capitalist accumulation by dispossession, but signs of cultural backwardness or obscurantism.

Europe, as a Big Other, was supposedly losing patience with Albanians, and intellectuals perceived themselves as saviours of a people which did not understand the need to be saved.

Social classes and ideological apparatuses

In the last decade or so there has been an important shift in the category of public intellectuals. During the first two decades of neoliberal capitalism – from 1991 to 2000s – they were mostly writers, artists, translators or culture journalists, persons seeing themselves as traditional intellectuals whose mission was to emancipate the people and pull them towards the materialisation of the idea of Europe. They used to write for journals and newspapers of some importance with a large readership. Their status was based on an economic position that gave them

certain independence, for example as employees or experts in NGOs dealing with human rights, editors or tenured journalists. Some were loosely connected with the main political parties, but stressed their political independence or considered themselves as mentors of important politicians. These were the intellectuals that laid the basis of the capitalist (neoliberal) restructuring of the Albanian economy and society.

While they still have a say in contemporary Albania, their influence has dwindled in the last decade. The blossoming of commercial TV stations needed more pundits than traditional intellectuals. TV debates asked for sensationalism, harsh words and gestures, something unsuitable for traditional intellectuals who needed to feel secure with their audience. The subsequent boom of the social media further relativised their role. A multitude of pundits, commentators and journalists have much more audience than traditional intellectuals. They live off the current economic and political system. For example, they work as regular pundits at TV stations owned by oligarchs and follow the latter's editorial position. Most of them, however, are just commentators regularly paid by powerful politicians or parties in order to express strong opinions in their favour. Today's hegemonic intellectuals are neither of a traditional type, nor are they the proper organic intellectuals of the bourgeoisie. They are just on the payroll of powerful businessmen and strong politicians. They are free-floating pundits, always on the clientelist market. In contrast with the previous traditional intellectuals, they do not need to construct a new ideology, not even try to defend it continuously, as ruling ideology nowadays does not seem threatened. They take part

in everyday political skirmishes between political parties and their partners in the economic oligarchy.

What used to be the role of traditional intellectuals is nowadays filled by those working in the NGO sector. Financed by Western international foundations, they fill the ranks of today's professional microbourgeoisie, having relatively good salaries, secure jobs and an aura of independence from political and economic agents in Albania. They are the inheritors of the early 1990s traditional intellectuals, although with an inferior status and popularity. They push the current liberal ideology of new social and identity rights. Differently. Unlike the intellectuals from the 1990s, their idea of Europe is not one based on representative democracy, the rule of law, privatisations or basic human rights like the right to speech. These rights are either considered already achieved, or have shifted to a second tier importance. Gender rights, LGBTI issues, environmental perils, social inclusion of minorities, etc., have jumped to the first place of concern. Dealing with a peripheral society – prone to traditionalism or neo-traditionalism, where the devastating effects of neoliberalism have strengthened pre-modern social ties and relations such as the extended family as an informal safety net – the contemporary liberal ideology has far less appeal to the masses than their ancestors do. While the 1990s intellectuals had a utopia to sell – prosperity in Europe – today's intellectuals can advertise only a lifestyle which seems remote (if not undesirable) to many people. They could aspire to become the organic intellectuals of an Albanian bourgeoisie to come, but currently they do not see themselves as defending the positions of predatory oligarchs. Nonetheless, this new type of the intellectual has more autonomy and voice than

other sectors of the Albanian middle classes, which are either under pressure from political parties (those working in the public administration), or are alienated politically, like engineers, doctors, etc.

This new wave of liberalism has triggered the response of reactionary and conservative forces in Albania – ranging from the political right to conspiracy theorists and a plethora of lunatics defending whatever seemingly subversive idea. Their growing influence, also on the political discourse of the current Democratic Party, can be explained by several factors. Firstly, the transformation of the NGO sector has left many university-educated right-wingers without a job opportunity in this relatively lucrative sector. During the first two decades – when NGO funding went to general liberal ideas – there was turf for everybody. At the time, liberals and conservatives had an imaginary common enemy: communism and communist heritage, while sharing a general sympathy for the market economy. Three decades after the fall of bureaucratic socialism and the implementation of neoliberal policies, there is little space for reproducing the old rhetoric. Secondly, while in the West the shift of the political and ideological debate towards new liberal identity rights reflected the consolidation of the previous liberal institutions and ideology – rule of law, party pluralism, checks and balances, political representation etc – in Albania these rights have not been fully achieved. As international donors grew tired of the socio-political problems of a peripheral country, and were eager to extend their ideological struggles towards the peripheries of the capitalist world-system, they started to push hard for the new identitarian liberal rights. This fuels the animosity of the new right. Thirdly, living in the era of the internet

and social media, the ideological battles in the centre states (US, EU) are easily reproduced in countries like Albania, and function as a replacement for the missing socio-economic debates. Fourthly, unlike the old conservatives of the 1990s who were nationalists and fully pro-Western (pro-US), the contemporary right is more ambiguous about nationalism and growingly sceptical about the West. For Albanian Trump supporters the electoral results in US elections or the verdict of the US Supreme Court about abortion seem more important than issues properly linked to Albanian nationalism. On the other hand, their animosity against everything liberal (which in their perspective is just communism in a new dress) and their opposition to the US (Biden) administration has pushed them in the uncharacteristic position of becoming supporters of Russia (Putin).

Nonetheless, the main political parties in Albania remain the most important ideological apparatuses. Their influence on the state, education and media, and their clientelist relation with intellectuals/pundits, give them an enormous influence on how people think and feel about politics and society. In a recent survey about how people categorised the political parties ideologically, the results were staggering. For example, 80% of the interviewed considered the Socialist Party a party of the extreme left, while 70.7% considered the Democratic Party as one of the extreme right.¹⁰⁵ Obviously, PD is not yet a party of the extreme right, while PS is far from the extreme left. But this survey tells a lot about the main parties' ideological influence. Ideology does not have an independent life and its historical content is

105. <https://euronews.al/kryesore/2022/06/09/te-majta-apo-te-djathta-si-i-shohin-shqiptaret-partite-kryesore-ne-vend/> (Last accessed on 25 October 2022).

largely unrelated to the popular perception of what is right and what is left. In Albania the Socialist Party appropriated the status of being on the left (centre-left), while the Democratic Party considered itself a party of the right (centre-right). Nowadays, in popular perception, being on the (extreme) left means being a staunch supporter of the Socialist Party, no matter its aggressive neoliberal policies, and being on the (extreme) right means being a staunch supporter of the Democratic Party. This predominance of the parties as the main ideological apparatuses shows the weakness of the proper left critique, whose appeal is confined to small urban and middle class sectors of society.

Parties as ideological apparatuses are as strong as their capacity to rule and direct society. For thirty years, the Socialist and the Democratic parties, through representation and clientelism, have managed to rule and direct Albanian society. They have shared the support of the big bourgeoisie, gathered the passive support of the working class and the peasantry, while seemingly dividing the support of the microbourgeoisie:¹⁰⁶ the Democratic Party receives more support from the traditional micro-bourgeoisie, while the Socialist Party seems more successful with the new/professional microbourgeoisie. Yet this support is not without growing cracks, as these classes feel their interests are neglected by the main political parties. The advance of capitalism pushes away multitudes of small owners. The corruptive methods of governance alienate the most vital part of the new/professional microbourgeoisie. From time to time there are some sprouts of mild anti-capitalism

106. See J. Martin, *The Poulantzas Reader. Marxism, Law and the State*, London: Verso, 2008, p. 202.

within these social subjects – such as the animosity towards monopolies, unfettered competition, the impediment of meritocracy, etc.¹⁰⁷ Their alienation from the political system has pushed some parts of these classes to solidarise with the working class, as during the 2019–2020 strikes of miners, and the 2020–2021 strikes and the protests of oil workers. Occupying a contradictory class position,¹⁰⁸ feeling squeezed by the big bourgeoisie and receiving fewer rewards from an overstretched clientelist regime, they are increasingly showing signs of discontent.

Yet the discontent of the old and new microbourgeoisie is structurally hampered to be the backbone of an emancipatory movement. The bulk of the new microbourgeoisie is comprised of the 185,000 employees of the public sector. They may be discontent with low salaries and the insecurity of their jobs (always threatened by a change in government). But they are also the beneficiaries or the victims of a patrimonialist system that does not permit objections, let alone independent organisation in the form of trade unions or participation in alternative political movements. The low level of industrialisation and the anachronistic structure of the service sector – whose main pillars are cafeterias, hotels and the tourism sector in general – means that the numbers of the technical microbourgeoisie, or the professional-managerial class (PMC) of university-educated supervisors or engineers is rather small and without influence.¹⁰⁹ The

107. N. Poulantzas, *Classes in Contemporary Capitalism*, London: Verso, 1978, p. 295.

108. E. O. Wright, *Class, Crisis and the State*, London: Verso, 1979, p. 97.

109. J. E. Babara and John Ehrenreich's analytical description of the professional managerial class has more to do with the Western post-industrial economies, than with peripheral deindustrialised countries like Albania: '1) ...the social surplus

remaining professional microbourgeoisie of the NGO sector does not employ more than a few thousand people. This stratum might have a disproportionately influential voice in contemporary debates, but they are very individualistic even to create a liberal centrist force.

The traditional micro-bourgeoisie faces ideological obstacles towards becoming the backbone of an emancipatory social movement. For small shop owners,

Running your own business not only binds you into a small set of relations in the workplace, but also, through the demands it places on your time, it limits the opportunities for other social contacts[...] This relative isolation encourages a rather narrow and individualistic interpretation of their world which compounds the structural restrictions on forms of collective action[...]. Resisting 'organisation' becomes normative.¹¹⁰

Therefore, they may be prone to eruptions of protest, especially when faced with increasing taxation or the general impoverishment of the consumer demand.

has developed to a point sufficient to sustain the PMC in addition to the bourgeoisie, for the PMC is essentially non-productive; and 2) ... the relationship between the bourgeoisie and the proletariat has developed to the point that a class specializing in the reproduction of capitalist class relationships becomes a necessity to the capitalist class...' – 'The Professional-Managerial Class' in: *Between Labor and Capital*, edited by Pat Walker, Boston: South End Press, 1979, p. 18.

110. *The Petite Bourgeoisie: Comparative Studies of the Uneasy Stratum*, edited by Frank Bechhofer and Brian Elliott, London: The Macmillan Press LTD, 1981, p. 195.

They could even become the passive followers of a Bonapartist effort, as Sali Berisha has tried from time to time. There is little hope they could be the social trigger of a radical social movement.

Consequently, if there is no eruption of a strong working class movement, the different sectors of the microbourgeoisie will eventually go back to supporting the old system. While there are some signs of the awakening of the working class – a few new democratically-based trade unions, the strikes or protests of miners and oil workers from 2019 to 2021, and the structurally-growing textile sector where thousands of workers work in the same factory – the situation is not fully ripe.

The industrial working class – mostly in the sub-contracted textile sector, where more than 80% of the employed are women from the outskirts of cities/towns – until now has shown its weakness in taking the initiative. Even the miners or oil workers' protests did not appeal to other popular classes.

When this has been tried – with a small margins of success – it was the result of leftist activists, mostly coming from universities. The political awakening of the working class by students has been tried before in other countries, with relative success. But the peculiarity of the Albanian students is that for the overwhelming majority of them there is no rational class trajectory¹¹¹ that would move them towards the aspired professional microbourgeois positions. Of the 123.880 students in 2021, a growing number are working full-time in working-class jobs from the beginning of their studies. The lucky ones work in call

111. E. O. Wright, *The Debate on Classes*, London: Verso, 1989, p. 347.

centres, while most are engaged in the low-service sector as waiters, receptionists, delivery persons. Their contradictory class position shifts much more towards workers than the microbourgeoisie. They can see an individual escape route only in emigrating to Western European countries (especially to Germany). In recent years, they have shown signs of

CONCLUSION: WHERE ALBANIA COULD BE HEADING?

organisation and anti-systemic revolt, such as the big student demonstrations of December 2018 against the neoliberal reforms in higher education, or the traits of solidarity during the strikes of miners and oil workers. Sharing the experience of the working class, without a real trajectory of social mobility, and having more education and contacts with global ideas and movements, students can become the social and political catalyst of a broader anti-systemic social movement.

In a sense Albania's history is a *longue durée* of social structures which, notwithstanding the modernising impulses of bureaucratic socialism and neoliberal capitalism, embodies pre-modern characteristics, such as patrimonialism, sub-proletarianisation, the numerical dominance of small property, petty trade, traditionalism, etc., which are exacerbated by the continuous peripheral status of the country vis-à-vis the centres of the capitalist world-system. Nonetheless, in the last seven decades there have been serious, albeit aborted, attempts towards a more modern and emancipatory society. The top-down authoritarian modernisation of the socialist bureaucracy transformed social contradictions and

increased their complexity, while raising seriously the cultural and educational level of the society, and constructing elements of a modern infrastructure. The quasi-chaotic sprouts of capitalist modernisation – the product of the endeavours of small entrepreneurs, rich oligarchs, middle-rank industrialists, corrupted politicians, successful emigrants and organised crime – has not only increased economic productivity on average, but has also created an important stratum of young, relatively educated and dissatisfied youth eager to transform the political superstructure of the country, while potentially having a historical role – to break the *longue durée* – if they successfully forge a historical block with workers and other subordinate classes.

* * *

On 17 November 2019, three hundred miners publicly declared the foundation of a new trade union in a protest held in the mining town of Bulqiza. For several months their leaders had been working underground with activists of the left wing Organizata Politike, which had been very vocal during the previous year students' protests. For three decades, official trade unions had been ossified and completely corrupted by the ruling political parties, and had regularly been in collusion with factory bosses. The newly-formed *Sindikata e Minatorëve të Bashkuar të Bulqizës* (The United Miners of Bulqiza Trade Union) was from its inception the opposite of that. A group of combative miners took the initiative. They contacted the activists of Organizata Politike in order to help them with legal and organisational issues, while trying to withhold spreading the news in order to avoid persecution from the mine's administration. Nonetheless, a few days after the public showing of the new trade union, the

administration of the Bulqiza mine, whose owner was the richest oligarch in Albania, fired the trade union chairman. In response, miners organised a wild-cat strike, which almost completely blocked production for several days. The revenge of the administration hit three other miners, which were sacked during the strike. Hundreds more were threatened.

Although it was one of the rarest and most combative strikes in Albania's recent history, the mainstream media boycotted it, while the government and the main opposition parties sided with the oligarch. Mainstream media did not report on the strike, the sacking of the trade union leaders or the protest that miners organised in Tirana in January. For several months they silenced every critical voice that showed solidarity with the miners' struggle, while boycotting the activities of Organizata Politike for almost a year.

A year later, the activists of Organizata Politike and the miners of Bulqiza supported the sacked trade union chairman Elton Debreshi's candidacy as a member of parliament in the general elections of April 2011. The electoral campaign was inspiring, with dozens of young activists coming from Tirana and other Albanian cities to work politically in Bulqiza, together with hundreds of miners and young people from Bulqiza, yet extremely difficult. In that remote region, the second poorest in Albania, the political parties hold grip on society. They could buy votes without fearing sanctions, and even threaten people, especially those working in public administration, in order to vote for them. The electoral result was disappointing, but the structure and the idea of young people, mostly students, working politically with organised workers still holds.

Today's Albania is on a historical crossroad. The distorted economic development of the last decades – based on privatisation, deindustrialisation, feverish extractive industries, commodification of public services and criminal accumulation of capital – is exhausting itself. Common people, especially the young and the educated, are leaving Albania by tens of thousands each year. They would rather illegally cross the English Channel by boat or work without a permit in Germany, than endure the poverty, unemployment, or precarious and ill-paid jobs in Albania.

The legitimacy of the current political system, on the other hand, is at an historical low. Mainstream politicians are considered thoroughly corrupt and in collusion with economic oligarchs. The official opposition parties are viewed as weak and incapable of removing Edi Rama and the Socialist Party from power or offering a progressive alternative.

There are growing fears that Edi Rama is forging a quasi-authoritarian regime, like in Russia or Turkey. Nonetheless, the fear of a kind of Bonapartism seems not to hold water. In Albania economic oligarchs are very powerful and do not seem to have surrendered their power to the political bureaucracy, most importantly because until now there has not been a massive upsurge in workers resistance or social movements. The repressive state apparatus in Albania is far weaker than in Russia and Turkey, mostly due to the fact that Albania has a very small and ill-equipped army, and corruption is far too endemic in other organs of repression to give proper protection to the ruling bureaucracy or the ruling class if they are faced with a radical popular movement. Even in its public appearances, Edi Rama seems more clownish

than as a frightening dictator. Nonetheless, the power of the ruling party is growing due to their being the preferred partners of domestic economic oligarchs and the Western states, while having in front of it equally discredited opposition parties.

The only counter-hegemonic force could emerge from the subordinate classes, which especially in recent times are suffering the impacts of the economic crises. Dissatisfaction and uneasiness are growing. But there is also the counter-tendency of social apathy and alienation. One of the individual

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escape routes for the dissatisfied is emigration. Workers' organisation is growing with ups and downs and at a slow pace. Students have a lot of potential and are easier to mobilise, but so far there have been no strong structures within universities. What may be needed in order to incite social organisation and forge a political movement is a new political party of the left. This could be the focal and gathering point where the large and hitherto disorganised currents of social dissatisfaction may come together to form an anti-systemic alternative.

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