

Statement of Professor Nicholas C. Pano  
Commission on Security and Cooperation in Europe

Advancing Democracy in Albania

July 20, 2004

Mr. Chairman and members of the Commission, thank you for the opportunity to participate in today's discussion. The topic of this hearing, "Advancing Democracy in Albania," is both timely and relevant since Albania finds itself at another critical juncture in its postcommunist evolution as it prepares for the 2005 parliamentary elections. It is particularly appropriate that the hearing should be held under the auspices of the United States Commission on Security and Cooperation in Europe, given that the OSCE and the United States have been in the forefront of multinational efforts to assist the Albanian people and government to effect the transition to political democracy and a market economy.

Albania's journey on the road to transition has been arduous and marked by detours and backtracking. The difficulties the Albanians have experienced these past fourteen years, while similar to those of their Balkan counterparts, seem to have been more taxing, given their country's heritage. Not surprisingly, the absence of a democratic tradition; the fact that it was Europe's least-developed state; the legacy of more than four decades of domestic oppression coupled with enforced isolation from much of the world during the unremittingly Stalinist regime of Enver Hoxha and his successors; and the vicissitudes of Tirana's relations with its neighbors in the context of the periodic crises that have convulsed the Balkans in the postcommunist era have contributed to the traumas that have attended Albania's endeavor to effect a democratic transition.

In evaluating the pace and results of Albania's transition, it is important to note that the country has experienced a violent and destructive anti-government uprising in 1997; an abortive anti-government coup the following year; persistent conflict among and

within its major and minor political parties; inadequate law enforcement; inequitable administration of justice; and rampant crime and corruption, along with other related problems. Despite these challenges, there have nevertheless been noteworthy developments in various aspects of Albanian life. Before addressing the political aspects of the transition, I should like to touch on a selected few of these nonpolitical developments.

For those who travel regularly to Albania, the most noticeable change has been the building boom evident in other major cities. But, in addition to the new urban apartment houses and office buildings, numerous houses of a variety of sizes have been constructed in rural areas. The government has embarked on a program to upgrade and expand the nation's road network, which should enhance internal trade and commercial ties with neighboring states, and improve highway safety. A renovation of terminal runway and air traffic control facilities at Tirana's Mother Teresa Airport is currently in progress, and plans are being developed to improve the port facilities at Durres and Vlore. There have been many urban beautification projects completed in Tirana, and similar initiatives are projected for other cities. Controversies have arisen regarding some of these public works projects with allegations of excessive project costs, poor quality workmanship, and favoritism in awarding contracts. Given the nature and frequency of these complaints, it is incumbent upon the government to review and possibly reform its contract bid and project oversight procedures, and its requirements regarding contractor accountability.

On the macroeconomic level, by 1999, through the combined efforts of the Albanian government and a host of international agencies, there was discernible progress

being made to surmount the effects of the economic dislocation and accompanying domestic turmoil arising from the 1997 collapse of the speculative financial pyramid schemes. Between 1999 and 2003, the nation's Gross Domestic Product has grown at an average annual rate of approximately 6 percent, and the average annual inflation rate has been kept below that level for this period. The lek since 2003 has appreciated considerably in value in respect to many world currencies, including the dollar and the euro. Although this development is a mixed blessing for Albania, it in part reflects the improving health of the Albanian economy as well as the impact of the informal sector on the nation's economic life. The Albanian economy has benefited significantly from the remittances of Albanian emigrants working abroad. The infusion of these funds accounts for between 15 to 20 percent of the Albanian GDP and has contributed to the strengthening of the national currency. Additionally, the economy has profited from the wealth amassed by those Albanians engaged in smuggling; drug and people trafficking; and other illicit activities. Funds derived from these sources are increasingly being invested in legitimate business ventures in the country and used for contributions to politicians and political parties. Although the exact dimension of criminal involvement in and influence on Albanian politics is unknown, these practices constitute a threat to the integrity of the political process in the country. Just this week (mid-July 2004) the government has announced an initiative to address this problem. It remains to be seen whether this proposal will in fact mark the beginning of a long-needed concerted assault on organized crime in Albania. Nevertheless, the growing wealth and power of organized crime represents a major threat to an orderly economic and democratic transition in Albania. This high-priority challenge must be addressed in a meaningful manner.

The privatization process that began in the early 1990s under the leadership of former President Sali Berisha has now been largely completed with the sale of the former national savings bank and the partial state divestiture of the nation's largest insurance firm, INSIG. There have been serious concerns raised about proposals for the sale of the nation's fixed line telephone company, TELKOM. Given the gravity of the charges that have been made, they need to be thoroughly investigated and resolved before there is any further movement on this transaction. The protracted parliamentary controversy regarding the resolution of land ownership continues. The definitive resolution of this thorny issue will serve to alleviate somewhat rural social tensions and contribute to the strengthening of the economy.

While Albania is close to completing the process of establishing a market economy, this development has had a varying impact on its citizens. Although the per capita GDP has more than doubled to approximately US\$1,800, one of three Albanians lives below the poverty level (monthly income of less than US\$60). Consequently, there is now a pronounced disparity of wealth between a relatively small group composed of businessmen, professionals, government officials, and criminals and a larger group made up of laborers, farmers, shopkeepers, and pensioners. This situation has aggravated social tensions within the country. Further compounding the problem is the chronic unemployment that has persisted during the transition period. According to recent Albanian official data, the nation's unemployment rate ranges between 16 to 18 percent while ILO information suggests that 38 percent of Albanians lack employment. This situation has contributed to the rise of crime in the country and the emergence of Albania as a center for the trafficking of women and children as well as drugs. The lack of

economic opportunity has spurred the massive emigration that Albania has experienced since the early 1990s. Among the more than 500,000 emigrants are thousands of young, well-educated, and talented Albanians whose skills and creativity have been lost to the homeland. This unfortunate trend, which has often included risky illicit flights from the country, will likely continue, even in the face of vigorous government undertakings to curb this traffic.

With the lifting of the communist-era restrictions on the free movement of peoples, there have been some major shifts of population, especially from the impoverished rural areas of northern Albania to the cities of central Albania. As a consequence, Tirana's population has doubled to more than 600,000 in the past fourteen years. As a result there is a serious shortage of decent affordable housing for the newcomers and a further strain on already overburdened city services and public utilities. Thus many of these new arrivals are living in squalor in makeshift housing. The internal population migrations have resulted in some weakening of family ties and the growth of tensions between newcomers and established residents.

The problems arising from the economic and social changes that have been occurring in Albania have spurred a growth in crime, especially violent and property crimes. As police effectiveness in crime solving has increased and the number of criminal convictions has risen, the nation's prison and pre-trial detention facilities have been overtaxed. Albanian and international human rights organizations have repeatedly documented instances of abusive and inhumane treatment of prisoners. The situation in the pre-trial detention centers has reached a crisis level and requires immediate action. A possible solution to this problem is to build a series of regional detention centers for

prisoners awaiting trial or for long-term detainees while using most of the current facilities for those being held for interrogation or for short-term detention.

The socioeconomic changes that have been unfolding in Albania have spawned problems that must be addressed to reduce tension and mass alienation in the country. Failure to do so could foster disillusionment with and apathy toward the political process and endanger the further and accelerated progress that Albania must make toward the full-fledged democracy required for admission to the EU and NATO.

Albania's progress toward democracy has been influenced by the country's political culture. Albania's political culture, which has been characterized by a low level of popular participation in political activity, has produced a society in which the concepts of democratic government, the rule of law and the accountability of public officials, and the expression and toleration of diverse opinions have not been fully rooted. It is apparent that these concepts either have not been fully appreciated or have been deliberately ignored by segments of the country's political elite. This factor has contributed to the high level of corruption, abuses of power, excessive partisanship, and lack of trust and goodwill that have had at times raised obstacles to the orderly achievement of political democracy.

It is interesting to observe that in April 1991, as Albania began its transition, Fatos Nano was serving as the country's last communist Prime Minister while Sali Berisha headed the opposition Democratic Party. Both these long-time antagonists continue to dominate the political stage, with Nano as Prime Minister in the current Socialist government and Berisha serving as leader of the Democratic Party. Having remained the dominant personalities in Albanian political life during the entire transition

period, they are to a large extent responsible for the highly confrontational style with its “winner-take-all” attitude that has characterized Albanian politics. Except for a brief truce or two, they have had little personal contact with each other, and the antipathy that exists between them is shared by other members of their respective party leadership cadres. Nano’s resentment toward Berisha has been nurtured by the fact that in May 1991 Berisha fomented a general strike that resulted in Nano’s resignation from office. Subsequently, during Berisha’s presidency Nano was convicted of alleged economic crimes committed while he was Prime Minister and served nearly four years in prison. Berisha and Nano have managed to survive as long as they have because both are intelligent and charismatic, both are excellent orators and masters of polemical political rhetoric, and both have been able to establish strong ties at the grassroots party level and to command an almost fanatical loyalty from their hard-core party faithful. Given their strong personal followings and their respective abilities to control their party machinery, they have been able up to now to repel challenges and to retain their leadership positions.

Nano in December 2003 appears to have consolidated his hold over the Socialist Party by assuming the party chairmanship while retaining his government post. He has succeeded in excluding his long-time party rival Ilir Meta and Meta’s key allies from top-level party councils. Meta in turn has formed a splinter movement within the party, the Movement for Socialist Integration. Meta and his group have been testing the waters to gauge the extent of their popular backing before deciding whether to secede from the Socialist Party. The Socialists on several occasions have been on the brink of division, but have thus far managed to avoid a break. Meta’s possible defection could not have come at a worse time for Nano, who is being threatened with the loss of support from his

minor party allies. The defection of the Meta group and that of the Socialist Party's allies could jeopardize the prospects for a Socialist victory in 2005.

The 2005 elections are also critical for Berisha. He has led the Democratic Party to losses in the 1997 and 2001 parliamentary elections and to defeat in the local government elections of 2000 and 2003. Berisha has been subject to some criticism within the party and by his allies for the poor performance of the Democratic Party in these contests and for his harsh confrontational leadership style. There is also recognition that his popularity among voters has waned somewhat, owing to their bitter memories of the failed pyramid schemes and the violence that ensued. Aside from the fact that Berisha has raised some valid concerns relating to the legitimacy of the elections that his party lost, the intensity with which he has pursued these matters underscores his desire to reinforce the conviction that his party's defeats were attributable to corrupt practices. Should the Democratic Party suffer another defeat in the 2005 election, Berisha's days as party leader could be numbered.

Given the stake that both Nano and Berisha have in the outcome of the election, it will be interesting to observe whether the two party leaders and their parties can cooperate in the drafting and ratification of a new electoral code to rectify the problems that plagued the 2000, 2001, and 2003 elections. A failure to do this could undermine their support among Albanian voters and within the international community. Fatos Nano's tactics in the preliminary planning for the 2001 and 2003 elections created some unnecessary tensions that clouded the conduct of these contests. With the stakes for Albania as high as they are in 2005, it is incumbent upon him and his party to refrain from engaging in any activities that would compromise the integrity of the electoral

process. Similarly, Sali Berisha and the Democrats, while taking appropriate measures to safeguard their interests and to ensure a fair and free election, should cooperate in any constructive initiatives to enhance the prospects for success of the forthcoming parliamentary balloting

Representatives of the Democratic and Socialist parties will begin negotiations on July 19 to draft a new electoral code. The degree to which the parties can succeed in this undertaking could be a harbinger of the political climate in which the 2005 campaign will be conducted.

With the parliamentary elections less than a year away, both major parties find themselves in conflict with their allied minor parties. The Socialist Party's principal allies (the Social Democratic Party, Human Rights Union Party, and Agrarian Party) have differed with their coalition partner mainly over their dissatisfaction with the allotment of cabinet posts and other government positions. With the decision of some members of the Meta faction to vote against their party on selected issues in the Assembly, the allied parties have sought to capitalize on the situation by exerting leverage on the Socialists to accede to their demands. Thus far, the two groups remain at loggerheads. But under threats from the Democrats to seize upon this opportunity to call for a vote of no confidence to overthrow the Nano government, the Prime Minister may be forced to reach an accommodation with his disgruntled partners.

Similarly, the Democrats find themselves at odds with some of their coalition partners, especially the Republican Party, National Front Party, and Legality Movement Party. Among the disputed matters are such issues as land reform and compensation for the victims of communist era political persecution.

Furthermore, all of the leading minor parties have protested the terms of the July 1, 2004, Electoral Reforms agreement between the Democrats and the Socialists primarily because it does not grant these parties equal representation on the drafting commission for the new code. It is still unclear as to whether or not and, if so, when the rifts between the major and minor parties will be healed. This development adds another dimension to the 2005 election puzzle.

In addition, there is the possibility of two new players in the Albanian political arena. As mentioned previously, Ilir Meta is conducting soundings to determine whether to transform his Socialist Integration Movement into a new party. The parties formed from defections from the Democratic Party have not fared particularly well, and the odds are that a Meta-led party would not become a major factor in Albanian politics. On the other hand, the party could siphon a sufficient number of votes away from the Socialists in closely contested districts to enable the Democrats to increase their representation in the Assembly or even to secure a majority to form a new government.

In late May 2004, Leka Zogu, son of Albania's pre-World War II ruler, announced the formation of a new political organization, the Movement for Development. Zogu has been consulting with a number of constituent groups to ascertain the level of interest in his proposed program. It remains to be seen whether Zogu will seek to transform his movement into a full-fledged political party along the lines of Bulgarian Prime Minister Simeon Saxcoburgotski's National Movement Simmeon II. Zogu has recently curtailed his political activity owing to the serious illness and death of his wife. The possible entrance of Zogu into Albanian political life could impact on the

fortunes of the Democratic Party and its right-wing coalition partners in the 2005 elections.

Thus there are many imponderables as Albania prepares to go to the polls. One of the major challenges confronting the parties will be to reverse the declining voter turnout for elections. Voter participation in parliamentary elections declined from 89.1 percent in 1996 to 56 percent in 2001, while the turnout for the local elections fell from 62 percent in 2000 to 52 percent in 2003. Aside from the fact that some voters were disenfranchised owing to defects in voter registration lists, and others failed to vote because they were away from their homes, the major factor accounting for the falloff is voter apathy and alienation. A growing number of Albanians have become disenchanted with the political process, especially the negative campaigning and the seemingly endless bickering among politicians and political parties. The parties, Central Election Commission, relevant NGOs and government agencies, and media all have the obligation to create an environment conducive to the planning and administration of elections that will meet the expectations of international institutions and stimulate greater voter participation.

There have been some mixed signals emanating at times from both the ruling party and the opposition suggesting that early elections be called. In my view that course would be a serious error given the domestic and international implications of these elections.

The Albanian government and the political parties must give their highest priorities to adequately preparing for the upcoming elections by profiting from the mistakes of the past. The key issues that must be addressed in preparing for 2005 include:

1. Revision of the Electoral Code to correct technical issues that have caused problems in past elections
2. Re-composition of the Central Election Commission to reflect a more equitable balance of parties
3. The definition of electoral district boundaries
4. The revision and updating of voter registration lists
5. The designation of polling places and the posting of voter lists for each of these locations
6. The early selection of polling judges and the development of a meaningful training program for these officials
7. The announcement of the schedule for the delivery of the government subvention payments to political parties

To complete this agenda will require considerable time, and it would be a grave disservice to the cause of good government to attempt to advance this schedule for partisan political advantage.

Another responsibility of the parties is to identify qualified women, of whom there are many, to seek election to the Assembly. Female representation in the Albanian Assembly is among the lowest of all national legislative bodies in Europe.

As Albania approaches 2005, it is apparent that politics as usual is a luxury the country can no longer afford. This folly has exacted a heavy toll on the nation. It has tarnished Albania's international image. To fail to meet the test of 2005 will dim the chances for timely admission to NATO and the EU. This could

in turn have the effect of undermining the country's internal stability by hindering economic progress and sparking social unrest. In this event, Albania could be viewed as an unstable country and an unreliable partner by its Balkan neighbors, and thus risk exclusion from a variety of regional initiatives. An unstable Albania would serve as a negative role model for Kosovo and the Albanians of Macedonia.

Thus the stakes for Albania in 2005 are high, and those of its leaders who fail to meet their responsibilities in ensuring the success of the elections should be held accountable by the Albanian people and the international community.