ALBANIA: ANATOMY OF A TRAUMATIC TRANSITION

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
THE MIDDLE EAST TECHNICAL UNIVERSITY

BY

96020

DİLAVER ARIKAN AÇAR

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF SCIENCE
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

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DECEMBER 2000

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ABSTRACT

ALBANIA: ANATOMY OF A TRAUMATIC TRANSITION

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December 2000, 134 pages

The analysis of traumatic transition of Albania is the focus of this thesis. This study shows the contradiction between the need for a strong state in order to facilitate the changes in political and economic realms, and a hindrance in the establishment of democracy. The redistribution of the power in the post-communist era and the problematic nature of the state-society relations in Albania are examined. It is argued that authoritarianism is reproduced; a historical continuity in Albania.

Albanian transition could be characterized by constant tensions and consequent crises, which perpetuated instability, polarization and revanchism between the two main political parties, the Democratic Party and Socialist Party. The lack of compromise between them further created hindrance for smooth transition. The application of the general transition model offered to the countries in the region by the international community was based on liberalization, privatization and democratization. The transition from communism to liberal democracy and command economy to the free market economy has resulted in severe crises in Albania because of the inadequate experience with the market economy and limited tradition of democracy. Albanian state's historical weaknesses and the personalized politics with authoritarian tendencies laid the ground for perpetuation of the political and economic crises. The culmination of the political and economic crises led to the

social disorder and riots in 1997, and ended with an international intervention. Regional instabilities reopened the Kosovar problem and the broader "Albanian Question", which are yet to be settled down.

Keywords: Albania, The Balkans, Southeast Europe, Transition, Transition Process, Authoritarianism, Crisis, Historical Continuity, International Intervention, Albanian Question.

ÖZ

ARNAVUTLUK: TRAVMATİK DÖNÜŞÜMÜN ANATOMİSİ

Açar, Dilaver Arıkan
Yüksek Lisans, Uluslararası İlişkiler Bölümü
Tez Yöneticisi: Doç. Dr. Mustafa Türkeş

Aralık 2000, 134 sayfa

Arnavutluk'ta yaşanan travmatik geçiş sürecinin analizi tezin odak noktasını oluşturmaktadır. Bu çalışma politik ve ekonomik alanlarda dönüşüm sağlanması için güçlü bir devletin gerekliliği ile demokrasinin kurulması arasındaki zorluğu ortaya koymaktadır. Komünizm sonrası dönemde siyasi gücün yeniden tanımlanması ve devlet–toplum ilişkilerinin sorunlu yapısı da çalışmada iredelenmektedir. Bu çalışmada Arnavutluk'ta otoriteryen yönetim biçiminin yeniden üretildiği ve bunun tarihsel bir süreklilik arzettiği gösterilmektedir.

Arnavutluktaki değişim süreci, ülkenin önde gelen iki siyasi partisi olan Demokratik Parti ve Sosyalist Partinin arasındaki ülkedeki istikrarsızlığın sürekliliğine yol açan kutuplaşma ve siyasi rövanşizmin sonucu olarak sıklıkla ortaya çıkan gerginlik ve krizlerle karakterize edilmektedir Bu partiler arasındaki uzlaşmaz tutum geçiş sürecini daha da sorunlu hale getirmiştir. Uluslararası toplum tarafından bölgedeki diğer ülkelere de önerilen genel değişim modeli liberalizm, özelleştirme ve demokratikleştirme politikaları üzerine kurulmuştur. Komünizmden liberal demokrasiye ve planlı ekonomiden serbest piyasa ekonomisine geçiş sınırlı demokratik gelenek ve serbest piyasa ekonomisine dair yetersiz deneyimleri olan Arnavutluk'ta ciddi krizlerin oluşmasına neden olmuştur. Arnavut devletinin tarihsel zayıflığı ve siyasi yetkenin kişiselleştirilmiş olması da değişim süreci boyunca yaşanan siyasi ve iktisadi krizlerin artarak devam etmesine katkıda bulunmuştur.

Giderek artan siyasi ve iktisadi kriz 1997 yılında toplumsal kargaşa ve isyana dönüşmüş ve uluslararası düzeyde müdahaleye yol açmıştır. Bölgesel istikrarsızlıklar, Kosova probleminin ve daha geniş çaplı "Arnavut Sorunu'nun" bu dönemde yeniden gündeme gelmesine yol açmış fakat bu sorunlar henüz çözülememiştir.

Anahtar Kelimeler: Arnavutluk, Balkanlar, Güney Doğu Avrupa, Dönüşüm, Geçiş Süreci, Otoriteryenlik, Kriz, Tarihsel Devamlılık, Uluslararası Müdahale, Arnavut Sorunu.

biricik anneciğim ve babacığıma

to my beloved parents

ACKNOWLEDGEMENTS

I would like to convey my gratitude to Associate Professor Mustafa Türkeş for always being a constant source of inspiration and intellectual challenge. I will always remember and appreciate his kindness, patience, self-sacrificing attitude and *genuine* humanity towards me. Professor Türkeş had an imprint on my academic development by not only being a *sui generis* mentor but also by paving the way for different opportunities leading to important experiences that contributed to my personal development. His *unique* style and approach are worth to be strongly *mentioned* against my stubbornness during the painful writing process of this thesis.

I offer my sincere thanks to my parents. All this would have been impossible without understanding, support and never-ending faith of my family. I hope that I am a good son for them.

I would like to expand my gratitude to my "brothers in arms", Umut Koldaş, İnan Rüma and Özgür Pişken who are my real "brothers" with whom I share the F03 spirit.

I am heavily indebted to the Middle East Technical University Department of International Relations, which shaped my academic development and provided me with different opportunities and all of my professors who shared their intellectual competence and furnished me with invaluable knowledge. I would like to express my gratitude to Prof. Atila Eralp for his encouragement, sincerity as a professor, and contributions and comments as examiner of the thesis. Special thanks go to Assist. Prof. Fatih Tayfur, Assoc. Prof. Nuri Yurdusev and Dr. Oktay Tanrısever for their encouragement.

Sait(a) Akşit deserves exceptional thanks for endless assistance and help. Needles to mention the extraordinary thanks to Saita, İnan and Özgehan (Çekirge) Şenyuva for *saving my ass*ignment with the thesis "in those days when I needed unity and solidarity more than usual". I want to thank to my research assistant colleagues in the department who provided me the necessary free time while writing

my thesis. I would like to thank to students of my department that I was advisor of and the others for being good students and their moral support.

Thanks also go to Assist. Prof. İlhan Uzgel for his patience and comments on the thesis. I am indebted to Julie Mathews who carefully made the proof reading of the most of the thesis and had to deal with my confusing expressions in English. I also want to thank Judith Onulduran, Dov Waxman and Özlem Tür who contributed to my thesis by reading different chapters.

I would like to convey my sincere thanks to Prof. Dr. Ayşe Ayata, chairperson of Center for Black Sea and Central Asia, who created the opportunity for me to realize a field research in Albania. Thanks to Turkish Agency for Cooperation and Development (TİKA) for granting the scholarship that enabled me to conduct my research in Albania, which contributed extensively to the development of the thesis. The assistance of my friend Cemil Ufuk Toğrul, Third Secretary of the Turkish Embassy in Tirana is gratefully acknowledged, in addition to the positive attitudes and help of other members of the Embassy. I expand my special thanks to M. Ahmet Yazal, Second Secretary and Representative of Turkish Coordination Office in Kosovo, Kaan Ataç, Anatolian Development Foundation Representative for Kosovo, Lale Ağusman, Third Secretary of the Turkish Embassy in Skopje, for their assistance during extension of my research trip to Kosovo and Macedonia.

I am indebted to Aldo Bumci, researcher in Albanian Institute for International Studies, who helped me a lot and eased my life in Albania. Aldo's assistance in all aspects was invaluable for me during my research in Albania.

I would like to express my thanks to "my old friends", Buraques, Dagi (Candır) and Alpan (Tosunum), who were always with me for years, for their moral support. Special thanks also go to Erhun Baş who enduringly kept his interest for my thesis.

The thesis that emerged is far different from what I had in mind when I started my studies. I may not say that I am fully satisfied with the final outcome. During my graduate study, I experienced different feelings together. In this process, there were times that I felt great with happiness and enjoyment, and there were also times that I felt the pain deep in my heart.

And my final words are for Gülay,

I did it...

T.C. YÜKSEKÖĞRETİM KURULU
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CHAPTER I

INTRODUCTION

The 1990s is characterized by deep and multidimensional changes in the international environment. A substantial change in the East-West relations and an embarking on reforms in Eastern Europe, heralded by the unaccomplished reform initiatives of Gorbachev in the Soviet Union, in the second half of the 1980s necessarily forced all east European states to question their existing positions and to adapt themselves to the newly emerging circumstances.

The "winds of change" began to blow in Poland, Hungary, Czechoslovakia, Bulgaria and Albania. The extensive scope of the change, its drastic nature and the process itself would then be called as "transition". The process of change was not limited with the political, economic and social structures of these countries, it went beyond this and was reflected in regional and international levels, feeding one another.

The international community was not well equipped to meet the requirements of the systemic changes in the international and the domestic arena. The international community, mainly the western countries, had to face the new challenges and felt obliged to come up with a set of policies in order to maintain at least a minimum stability in the region. This set of policies included liberal representative democracy, a market economy and western values, without an adequate consideration of their validity and applicability. Nor were there politically organized groups in Eastern Europe to question and to offer alternative policies other than adjusting themselves to the liberal policies.

Albania could not resist to the trends for change. In fact, both international and domestic forces and circumstances laid the ground for a rapid transition in

Albania. The Albanian experience of transition, however, turned out to be a traumatic one. The problematic nature of the change and the failures of the transition are the themes of this thesis. The transition in Albania was so traumatic.

Albania lived through a series of crises in the post-communist era. Some of the sources of the crises stemmed from history. It is striking that survival problem, crises and perpetuation of authoritarianism appear to be continuities in the post-Cold War era. Albania felt the tension of the contradiction between the need of a strong leadership during the introduction and formation of democracy in the country and the democratization process[1]. The institutionalization of democracy generally is related to the existence of a democratic tradition. In this sense, Albania, with its poor record of democratic history, constituted a difficult case for the transition to liberal democracy. The weakness of the Albanian state appears to be a hindrance for the establishment of the political pluralism. For the survival and proper functioning of the democratic system, a strong state is seen as a prerequisite. In the transition countries, strong leadership is considered to be among the main important elements of change. On the other hand, the strong leaderships poses a threat to the institutionalization and the functioning of the democratic regime. The delicate balance between the need for strong leadership and democratization constitutes one of the basic dilemmas of the transition processes. The need for a strong state for implementing the liberal policies creates a dichotomy with the limited role attributed to state as a part of these policies[2].

In the Albanian case, the picture was further complicated by the existence of a strong authoritarian tradition in the country: the leader gathered the power in his hands to transform the society, thus he could not refrain from falling into the trap of traditional authoritarianism with a lust for keeping personalized power. In a time of need for strong leadership for the achievements in democratization, the strong leader, furnished with so much power, perpetuated authoritarianism.

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[1] Leslie Holmes, "The Democratic State or State Democracy?: Problems of Post-Communist Transition", European University Institute, Jean Monnet Chair Paper RSC No. 97/48 (1997).

[2] For the discussions of role of state see Theda Skocpol, "Bringing back State Back In: Strategies of Analysis in Current Research", in Bringing the State Back In, edited by Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, (Cambridge University Press: Cambridge: 1985) and Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, "On the Road toward a More Adequate Understanding of the State" in Bringing the State Back In, edited by Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, (Cambridge University Press: Cambridge, 1985).

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In the post-communist period, in Albania the need for redefinition of political power and the lack of much needed capital as the major problematic of the transition process. The state became the major means through which the power was redistributed. The nature of the power changed according to the liberal democratic and free market values. Both of which led to repeated failures. Although the political power was legitimated by the elections, it was still concentrated extensively in one hand. In an environment marked by the absence of checks and balances and constitutionalized legal order[3], political and economic power distribution could not be properly and justly achieved.

The Albanian history offers plenty of authoritarian experiences. King Zog, in his reign following the formation of the modern Albanian state during the interwar years, tried to consolidate his power. In order to stabilize the country and defend its existence against foreign powers and internal challenges, he resorted to authoritarian methods. In the subsequent period, Enver Hoxha, after obtaining the power and establishing a communist party rule, got all the means of power and ruled the country by not allowing flourishing any opposition or democratic incentive. The authoritarian legacy, under different rules, continued, which paved a fertile ground for the reproduction of a similar trend in the post-communist era. In this sense, the traditions and historical experiences of the Albanian state and the Albanian political culture would be reflected in the post-communist era. The important features and the culture of the Albanian politics showed continuity in the new period.

The tense nature of the state-society relations and the mistrust of the people in the state was further strengthened by the authoritarianism which brought about legitimacy problem during the transition period. The Albanian ruling élite often faced the problem of legitimacy as the liberal political processes went into crises. The manipulations during the elections and the shaky ground of the electorate and thus often shifting allegiances further deteriorated the democratization in the country.

The lack of the tradition of a division of powers also weakened the institutionalization of democracy in the country. The functioning of the legislation, the execution and the jurisdiction were of major problems, which could not be addressed by the governments that exploited them for their own political purposes.

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[3] Klaus Nielsen, Bob Jessop, and Jerzy Hausner, "Institutional Change in Post-Socialism", in Strategic Choice and Path-Dependency in Post-Socialism, edited by Jerzy Hausner, Bob Jessop, and Klaus Nielsen, (Edward Elgar: Hants, 1995), p. 13.

The democratic values like the rule of law could not function due to the deficiencies in the separation of powers. The rules and regulations could not be effectively implemented due to the lack of institutionalization. Above all, there was no political authority to ameliorate these problems. Historically, underdeveloped civil society could not function as a part of the checks and balances system that have been parallel to the democratization attempts.

What is more is that Albania further suffered from internal political collusions. The politics was shaped and determined by the political rivalry and revanchist attitudes of the two leading parties, the Albanian Party of Labour (APL), which was then named as Albanian Socialist Party, and the Democratic Party. Political developments were shaped around the ex-communist and anti-communist labels attached to the two leading political forces of the country. Both of the parties favoured change in the country parallel to the proposed liberal policies but the intensity and the speed of the reforms constituted the major difference between the two. The liberal polices were considered as a break with the communist past and reform commitment by the party leaderships, particularly by the Democratic Party [4].

Since the politics became an arena for the competing interests for the reallocation of the power and the resources, participating in the political processes became an important issue, which further increased the struggle for power. Patron-client relationship was further reproduced. People tried to use the political influence of the parties for their personal interests whereas parties tried to get support for themselves to receive political legitimacy.

Albania failed both to create a strong state and to achieve the democratization, and the tension between the two created a hindrance for the progress for the establishment of a democratic society. In the economic realm too, there was a strong need to restructure economy. The liberal economic model, dictating the departure from the command and planned type of economy, was applied in Albania with the radical approach of shock therapy[5]. The lack of capitalist economic tradition and the indigenous problems erupted in the application of the international financial institutions' policies for the economic liberalization and this

[4] A. Pinkel, "Neoliberalism, Gradualism and Some Typical Ambiguities and Confusions in the Transformation Debate", New Political Economy, vol. 2, no. 2, July 1997, p. 221.

[5] For the details of the application of the shock therapy see J C. Brada, "The Transformation from Communism to Capitalism: How Far? How Fast?", Post-Soviet Affairs, vol. 9, no. 2, April-June1993, pp. 87-110.

brought the country to the crisis. In line with the failure in democratization, the economic crisis turned into a major failure. Transition from a command economy to a market economy brought important difficulties for the poorest country of Europe. Despite Albania's appreciated macroeconomic record during the first years of the economic transition, in reality, the economic situation was deteriorating. The liberal economic policies were guided by the international financial institutions, which aimed to stabilize Albanian economy[6]. Liberalizing the market, privatization, removing the restrictions on free trade, liberalizing prices, and making the currency convertible were parts of the general liberal economic policies applied as a part of the transition strategy. The liberalization in the economy was not properly materialized, partly because of inexperience and partly because of impossibility of application of a liberal economic policy in a country where basic capitalist relations have not yet developed well. Faced with the practical problems of the economic transition portraying itself as decreasing living standards and incomes and, rising unemployment, Albanian society developed alternatives to survive in this tough economic environment. Increasingly involved in the smuggling and illegal trade, Albanians showed their misperception of the *laissez-faire* principal and the economic liberalism. In fact, those were part of the Albanian's response to the economic changes, like the massive emigration to the western countries in order to work and send remittances back to the families.

The social infrastructure did not provide the environment conducive to appropriately realize the liberal policies in the country. Albanian society, who lived under a strictly egalitarian Stalinist economic structure, was far from comprehending the functioning of a liberal economic system. The suppressed individualism under the communist party rule also retarded the liberal economic incentives needed in the society parallel to the transformation to a free market economy.

The changes in the international system brought instability with wide-ranging effects on the countries in Eastern Europe. The international actors and organizations felt to address the problems to prevent spillover effects. The rise of nationalism of new ethnic conflicts further contributed to the instability in the region that Albania was extensively concerned with.

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[6] B. Likić-Brborić, "Globalization, Governance and the Political economy of Transition", in Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction, edited by Carl-Ulrik Schierup, (Macmillan Press Ltd: London, 1999), p. 180.

The instabilities characterizing the new international and regional relations threatened the security of Albania. The rise of nationalism in the Balkans and the following bloody wars of succession in Yugoslavia posed a threat to the security of Albania and at the same time opened up long forgotten irredentist claims. Positions of Kosovar Albanians and the Albanians living in Macedonia were of potential sources of instability that the international community had to address. Keeping Albania out of the wars of succession in Yugoslavia became a priority for international community. Thus Albania was granted with economic aid in exchange for not internationalizing the delicate Kosovo problem. Albania adopted the pragmatic policy of complying with the policies of the international actors seeking for stability in the Balkans and postponed the idea of "Greater Albania".

Integration into the western political and economic structures constituted the basic foreign policy goal of the country. Although Albania was quick to see the necessity of integration into the European and the Euro-Atlantic structures and applied to different institutions, it could only get cooperation with different structures instead of full integration due to its weaknesses.

This thesis consists of six chapters. In the present chapter, the general lines and the problematic transition of Albania are highlighted. Theoretical contradiction and practical dilemma of the need of a strong state for introducing democracy and the democratization of Albanian society is to be analyzed. The second chapter is devoted to the analysis of historical legacy, particularly establishment of authoritarian rule in the interwar years and its reproduction in the Cold War period under communist party rule is shown to indicate political continuities. The third chapter examines political transition and the perpetuation of authoritarianism in the post-Cold war years. The fourth chapter focuses on the close relationship between economic transition and political crisis that culminated into social disorder and even riots in 1997. It also looks into the way in which international intervention to this crisis took place. In the fifth chapter regional instabilities, particularly in Kosovo crisis and its impact on Albania are examined.

Finally, the sixth chapter, the conclusion, elaborates the general process of the overall transition process of Albania and assesses the successes and failures of the Albanian transition.

CHAPTER II

HISTORICAL BACKGROUND: QUEST FOR MODERNIZATION UNDER THE DICTATORSHIPS

Albanians are considered to be the successors of the Illirians[1] -native peoples of the Balkans. With their distinct language, community life and customs, Albanians have sustained their distinct identity, mixing little with the other Balkan nations.

By being on the famous historical road, the Via Egnatia, Albania faced both Roman and Byzantine Empires rules and became an important arena of competition for religious dominance between Roman Catholicism and Eastern Orthodoxy. Following the Ottoman conquest, Albanians were attracted by the Ottoman *millet* system's practical benefits, and thus in pragmatic manner, they gradually adapted Islam[2].

Albanians rarely rebelled against the foreign occupiers, with the foremost exception of 1444-1468 rebellions that was led by the Albanian national hero Skanderbeg[3]. In the age of nationalisms, this rebellion and its leader would then be

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[1] J. E. Edwin, The Albanians: An Ethnic History from Prehistoric Times to Present, (McFarland & Company, Inc., Publishers: Jefferson, 1995), pp. 36-8, S. Pollo and A. Puto, The History of Albania: From Its Origins to the Present Day, (Routledge & Kegan Paul: London, 1981), pp. 28-31, B. Jelavich, History of the Balkans Vol. I, (Cambridge University Press: Cambridge, 1983), p. 25.

[2] Conversion to Islam following the Ottoman occupation was the last major conversion of Albanians. The post-Ottoman Albanian nation state consisted roughly of 70 per cent Muslim (15 per cent Bektashis), 20 per cent Orthodox Christians and 10 per cent Roman Catholic Christians. H. T. Norris, Islam in the Balkans: Religion and Society between Europe and the Arab World, (Hurst and Company: London, 1993), pp. 96-7, N. Clayer, "Islam, State and Society in Post-Communist Albania", in Muslim Identity and the Balkan State, Edited by H. Poulton and S. T. Farouki, (Hurst & Company: London, 1997), p. 118, E. Durham, High Albania, (Virago Press: London, [1909], 1985), p. 7. For a detailed analysis of the Albanian's adoptation of Islam see Edwin, op. cit, pp. 213-40.

[3] J. Pettifer, Blue Guide Albania, (A & C Black: London, Second Edition, 1996), p. 229. M. Vickers, The Albanians: A Modern History, (I. B. Tauris: London, 1995), p. 9.

symbols of national unity[4]. Albanians accommodated themselves into Ottoman rule without many difficulties in the post-Skanderbeg era. Albanians mostly did not mostly resist accepting foreign rules.

Albania's geography can also be regarded as an important determining factor in the formation of Albanian social and economic structure. Albania is basically divided into two distinct regions: Southern Albania and Northern Albania. In the southern part of the country there are plains and arable lands whereas the northern part of the country is mountainous, not easy to excess and not suitable for agriculture. This geographic division and topography is reflected in the formation of nation-state. Life is tough in the north, where the residences of the villagers are mostly on the tops of the mountainous areas, between which the distances tend to limit the interaction among the people. Those people living in the mountainous areas were difficult to be penetrated by the rulers. Thus the influence of rulers, whether foreigners or locals, generally fell short of directly affecting the Northern Albanians.

Albanian society is mainly organized around the close family and clan structures.

> The family is made up of the domestic group of the house; several united families form a phratry[5], several phratries a lineage, several lineages a tribe, several tribes a bajrak, and all these groups together, having the same origin the same blood line, the same language, habits and customs constitute this great family which is called a Nation[6].

Tribal relations have had a dominant effect on the social interactions and the clans and families appeared to be the main social institutions throughout the history[7]. Loose relations between the Albanian clans due to their independent identities and

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[4] M. Vickers, The Albanians: A Modern History, (I. B. Tauris: London, 1995), p. 9. The cult of Skanderbeg has been used by the Albanians as their national hero, despite his feudal-tribal features, personalizing the struggle to unite under Albanian nationalism. He has been used by all of the regimes in Albania for the symbol of nationalism.

[5] Social unit superior to the household, sum of which makes up a tribe. P. H. Stahl, Household, Village and Village Confederation in Southeastern Europe, translated by L. S. Alcott, (Columbia University Press: New York, 1996), p. 120.

[6] Ibid., p. 128.

[7] N. Bozbora, Osmanlı Yönetiminde Arnavutluk ve Arnavut Ulusçuluğunun Gelişimi (Albania and the Development of Albanian Nationalism under the Ottoman Administration), (Boyut Kitapları: Istanbul, 1997), p. 32.

the lack of institutionalization were reflected in the nation building and state formation processes in Albania.

Differences in dialects and religious diversity between Muslims, Catholics and Orthodox also contributed to the delay of the nation building process[8]. People living in the north of the country are identified as the Ghegs[9] due to their dialect and the people inhabiting the south are called Tosks. The Shkumbin River lying almost in the middle of the country in the east-west direction is considered to be the psychological boundary between the two groups of Albanians speaking in different dialects. During the nation and state building processes there was a sharp distinction between the two groups in their social and economic structures. Tribal chieftains ruled the Ghegs, who had a primitive pastoral economic activity, in a patriarchal, but egalitarian way, whereas Tosk society's social relations were characterized by landlord-peasant class divisions based on landownership and tenancy relations within a relatively developed but less egalitarian economic situation framed on the advantages of their environment, which was conducive to agriculture[10]. The littoral parts of the country, especially the port cities like Shkoder, Durres and Vlora, were historically influential centers linking the country, mainly the southern regions, which possessed trade capacity and materials like mining resources, handcrafts and agricultural products, to the Mediterranean economies despite the limited commercial capitalism[11]. Historically, Albania had long been perceived as an east-west gateway in the Balkans and the Adriatic region and was desired to be controlled by the regional powers.

Religiously, Ghegs are Muslim and Roman Catholic, while the Tosks are Muslim and Eastern Orthodox. The religious differences have been insignificant alongside the tribal and social divisions in Albanian society. Unlike other cases in the Balkans, religion did not play a major constructive role in the nation building process in Albania. This was even reflected in the Albanian saying of "Where the sword is,

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[8] M. Vickers and J. Pettifer, Albania: From Anarchy to a Balkan Identity, (New York University Press: New York, 1997), p. 3.

[9] Albanians of Kosovo also speak the same dialect and are included amongst the Ghegs.

[10] J. Rotschild, East Central Europe Between the Two World Wars, (University of Washington Press: Seattle, 1974), p. 358.

[11] D. S. Rugg, "Albania as a Gateway", in Reconstructing the Balkans: A Geography of the New Southeast Europe, edited by D. Hall and D. Danta, (John Wily & Sons Ltd.: Chichester, 1996), p. 139.

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there lies religion"[12]. And as was said by the founders of modern Albania "the religion of the Albanians is Albanianism"[13]. The most common important denominator among all Albanians, despite the Gheg-Tosk distinction, was the language. Yet, this was hindered under the Ottoman rule, as Albanians could not teach Albanian in their schools because the Ottoman language was dominant in education and in literary works. Also, the adaptation of a common script, which could be achieved in 1911 by the acceptance of Latin[14], would be a contested issue among the Albanians due to the use of different scripts by different religious groups.

As elsewhere in the Balkans, the nationalist activities began to flourish in Albania parallel to the Ottoman Empire's decline. The Ottomans had developed an effective ruling structure in Albania. Many of the Muslim Albanians had been integrated into the Ottoman administrative system and enjoyed the privileges of their status within the Ottoman *millet* system. The Ottomans appointed the local Albanians as governors. The Ottoman ruling structure, religious diversity, and geographical division all contributed to hinder possible unification in Albania. The Ottomans also moderated the relations and conflicts among the tribes. This moderator role provided the Ottomans a strong position in Albania. In fact the tribes were always after their local interests and they did not have concerns about political unity. Taking into account the privileged status of the Albanians in the Ottoman administrative, Albanian élite was reluctant to put emphasis on a national identity. In the process of nation and state building, other Balkan nations received international support whereas there was no such international support for the Albanians. Also, the presence of national churches provided the necessary institutional framework during this process, but this factor was not applicable to the Albanian case as they were overwhelmingly Muslim and religiously divided.

While Ottoman authority was weakening, local feudal beys began to get stronger in their districts. In the middle of the 18th century, two of the Albanian Pashaliks extended their local influence in Albania. These were the Bushatis, ruled

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[12] 'Ku është shpata është feja', quoted by S. Skendi, The Albanian National Awakening, 1878-1912, (Princeton University Press: New Jersey, 1967), p. 20, in footnote 82, J. G. von Hahn, Albanesische Studien vol I, (Vienna, 1853), p. 35, and A. id San Giuliano, Briefe über Albanien, (Deutsch von D. Schulz und W. Wichmann: Leibzig, 1913), p. 24.

[13] E. Biberaj, Albania: A Socialist Maverick, (Westview Press: Boulder, 1990), p. 10. This slogan used by the nationalists during the nation building process in order to achieve a national unity among the Albanians.

[14] Skendi, op. cit., p. 389.

by Mehmet Bey Bushati with their capital in Shkoder based in the north of Albania, and the other in the south with the capital in Janina ruled by Ali Pasha of Tepelene. Although the Porte had appointed both of the pashas as the governors of their regions, the pashas wanted to use the weakening position of the Ottomans in order to institutionalize their own independent administrations. In this period they, by force and manipulation, the pashas took the control of their regions. Their rule had to be accepted by the leaders of the Albanian tribes in their regions, and as a practical consequence they consolidated their local authority. The pashaliks' motives were based on a lust for power and wealth, and their patriotism can be questioned considering their despotic rules. Since they were able for some time to unite some parts of Albania under common administration, they were considered to be successful in activating local solidarity beyond the clans under their leadership[15]. The Pashaliks' period could not really be considered as the emergence of a widespread Albanian national consciousness among the Albanians.

After the suppression and ending of the pashaliks' rule in Albania by the Porte, Albanians were activated for national movement as their lands came under direct threat of outside powers like Greece and Serbia. Especially after the Ottoman's defeat by the Russians, the conclusion of the Treaty of San Stefano in 1878, and the denial of an Albanian nation during the Berlin Congress[16], which put the Albanian presence at stake, Albanians intensified their efforts and formed the Albanian League for the Defense of the Rights of the Albanian Nation in 1878, simply called the Prizren League. This attempt had the aim of both defending the Albanian inhabited territories and gaining the autonomy for these areas from the central Ottoman government. The Prizren League had shown the Albanians also their differences in their approaches to the common subjects and objectives. Realization of the differences forced Albanians to find and put forward their common points, reflecting itself in the attempts for cultural revival and trying to get education in Albanian language. The Prizren League was marked by an emerging national consciousness in Albania. Albanians began to disassociate themselves from the Ottoman Empire.

Albanians' independence and the establishment of an Albanian state happened as the result of outside developments rather than insistent Albanian

[15] T. Zavalani, "Albanian Nationalism", in Nationalism in Eastern Europe, edited by P. F. Sugar and I. J. Lederer, (University of Washington Press: Seattle, 1969), p. 59.
[16] Puto and Pollo, op. cit., pp. 119-20.

attempts for independence. In this sense, the Albanian state is rather a result of Ottoman defeat and the Empire's inability to stand and stick to the remaining lands in the Balkans, mainly to the Albanian lands. In the case of total Ottoman withdrawal from the Balkans, the Albanians would be left on their own with their destiny. This forced the Albanians, most of whom were in favour of autonomy, to accelerate their attempts to declare their independence before the neighboring states' designs for partitioning Albanian lands could be realized. As a result, on November 28, 1912, Albania declared its independence. With the Treaty of London on May 30, 1913 independent Albania was formally recognized by the great powers though its borders were not yet clearly defined.

Despite Albania's international recognition, the still unclear drawing of its borderlines with the Florence Protocol in December 1913, in particular, the unclear borderline with Greece, Serbia and Montenegro, failed to provide much-needed security. Greece, Serbia and Montenegro, were not happy with the territorial settlement[17]. During the state formation and consolidation process, Albania felt the foreign countries' desire for involvement in its affairs, influence and even occupation attempts. The feeling of insecurity merging with the weak state structures and limited capacity paved the way for the vulnerability to the outside effects.

In addition to the unaccomplished delimitation of the borders of Albanian inhabited areas, administrative inexperience and organizational weaknesses paved the way for foreign involvement, which added further difficulties to the state formation process. In this environment, the great powers took control in their hands and began the hard task of delimiting the frontier and deciding on a ruler for the new state[18]. The great powers appointed German Prince William von Wied to the newly established throne of the new Albanian state. This appointment was to last only about six months, and ended with the Prince's leaving the country in September 1914.

In the post monarchic era, Albania remained chaotic, as the tribes continued to rule themselves without being under any central authority. Albanians had to face the impacts of WWI. During the war, Albania had become the target of secret treaties

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[17] In April 1913 an international action to provide help and secure the Albanian territories was initiated which became the first international operation to protect Albania. E. A. Schmidl, "The International Operation in Albania, 1913-1914", International Peacekeeping, vol. 6, no. 3, 1999, pp. 1-9.

[18] T. Winnifrith, "Albania and the Ottoman Empire", in Perspectives on Albania, Edited by T. Winnifrith, (St. Martin Press: New York, 1992), p. 85.

such as the 1915 Pact of London and the 1917 Greek-Italian plan for the partitioning of Albania, and finally, during the war Albania eventually became everybody's actual battleground[19] with Serbs, Greeks, Italians, Austria-Hungarians and French present in the picture. In fact, in December 1914, Italy occupied the southern town of Vlora. In 1915 Serbia and Montenegro occupied the adjacent parts of Albania to these countries, but then had to leave these lands in early 1916 when they were replaced by Austria-Hungarians in the northern and central parts, and by Italy and France in the south and southeast parts of Albania[20].

This period, which was characterized by weak attempts against the realization of a possible legalization of the partition of Albania and when the sovereignty of an Albanian state was in question, was terminated by the replacement of the established emergency governments with the summoning of the National Congress in Lushnje in January 1920. At this Congress a "National Legislative Assembly" was established, making it the first Albanian parliament and a government formed to coordinate the resistance against the foreign occupations. In March 1920 the first assembly was elected and this was followed by the establishment of the first postwar national government by Sulejman Bey Delvina[21]. Those were important steps in the establishment of the central authority and unity among the Albanians even though the result still reflected the general weaknesses of the Albanians in the state formation process.

The establishment of a national assembly and a government signified an important step for the new Albanian state but even this achievement was a late one. Influential people who might have had some thing to say were basically the tribal leaders, landowners and few intellectuals and they could only come together after the solemn proclamation of a *besa*[22] which during the assembly time suspended the blood feuds and vendetta obligations among the participants[23]. As stated, especially in the rural parts of the northern Albania, clan and family ties, and their relations had the utmost priority in social life. Traditional practices like blood feuds and revenge

[19] Vickers, op. cit., pp. 87-8.
[20] Schmidl, op. cit., p. 8.
[21] S. Skendi, Albania, (Frederic A. Preager: New York, 1956), p. 74.
[22] Besa is the oath and word of honour used extensively in Albania. Vickers, op. cit., p. ix.
[23] Rothschild, op. cit., p. 358.

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killings were widespread in the society[24]. From the beginning, the environment of politics in the Albanian political arena has been very tough. Politics have had a personalized nature. People have relied on the personalities of the politicians rather than their achievements and qualities. As the personalities came to the forefront their opponents physically targeted them; Albanian politics experienced many political assassinations and assassination attempts in and out of Albania.

Albanians approached political leaders with a similar role and status of their family or the clan leaders. Political leaders were perceived as the highest leader of the Albanian tribe. Due to the lack of democratic experience and the non-existent institutions, leaders found the free space to apply their personal policies. The lack of an effective intelligentsia or press, which had it existed would still have been weak in its influence due to the very limited number of literate people, also allowed the creation of an environment without opposition, other than the landowners and tribal leaders speaking up for their interests. The only uniting point for the people was the existing outside threats to the country.

Despite the decision reached by the Ambassador's Conference on November 1921 setting Albania's international borders, Albania's neighbors; particularly Yugoslavia and Greece were not satisfied and kept their claims on Albanian lands. Also Italy had clear imperial aspirations on Albania. Italy considered Albania in its sphere of influence for opening to the Balkans and as an important place in the *mare nostrum*[25]. For Italy, Albania was not only economically essential as it possessed raw materials and cheap labour, but also strategically important for its security and the colonial aspirations in the Balkans and the Adriatic Sea.

The newly formed weak state and leaders were very vulnerable to the outside influences in this period. The major concern was the economic situation. Albania was economically the most backward country of the interwar Europe and there was a

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[24] The famous customary law, which is known as *Doke* or *Kanun of Lek* [which is said to have been laid down by the chieftain Lek III Dukagjin (1410-1481) by classifying the unwritten laws and customs, and transmitted orally through generations], was regulating all aspects of the Albanians' life. Within the *Kanun* there was a "highly complex legal code, which attempted to regulate the *hakmarrje* or blood feud a system of revenge killing". Vickers, op. cit., pp. 5-7. In fact the blood feuds were historically regulated and institutionalized, and the concept of regaining honour by revenge killings was favoured within the society.

[25] M. Glenny, The Balkans 1804-1999: Nationalism, War and the Great Powers, (Granta Books: London, 1999), pp. 418-9.

desperate need for capital[26]. Backwardness and the inefficient traditional modes of production were mutually feeding each other in the country. Albania's main production was in agriculture. More than 90 per cent of the country's population was engaged either in agriculture or animal husbandry[27]. This sector was either in the control of the land owning beys mainly in the south of Albania or the production was aimed only to feed the producers, as was the case in the north. Markets were limited, disconnected and an inefficient transportation system hampered the development of industry and extraction of the raw materials[28], which could have been a possible source of revenue for the new state. As a result, rather than bringing their production to the markets, people were working for self-sufficiency. In this environment capitalist relationships did not develop and hence, capital accumulation remained weak and limited in the country. The lack of accumulated capital uniting with the lack of a taxation system caused an empty state treasury. Moreover, for political stability the political leadership had to buy off the chieftains with "peace-money" deals[29], which also needed funding. The structure of the budgets was also problematic, as nearly half of the budget had been shared for the Albanian Ministry of War, which was another obstacle to economic recovery.

For the finance of almost anything, the Albanian government had to ask for credits and loans abroad. Although Albania applied to the League of Nations for financial assistance a few times, the necessary funding was not provided. Following this development Albania had to turn to the interested states. Italy enthusiastically offered help in exchange of certain economic concessions, which were followed by political and military ones as the nature of the relationship in time, turned from a financial one to a patron-client relationship. The weakness of the old economic system forced the dependency of Albania to the outside. Although Albanians tried to exploit their strategic importance and regional and international political balances and turn their weakness to a favourable position for providing credits and aid, the international environment did not always favour them. Albania mainly tried to use the rivalry and competition of interests of the regional actors; Italy, Yugoslavia and Greece.

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[26] Rothschild, op. cit., p. 360.
[27] B. J. Fisher, King Zog and the Struggle for the Power in Albania, (Boulder: New York, 1984), pp. 44-5.
[28] Ibid., p. 45.
[29] Ibid., p. 35.

First part of the 1920s signified the attempts for reorganization in the domestic politics[30]. The new political arena was in need of political actors. Basically two main political establishments and their leaders came to the forefront in this era. On one side were the traditionally influential chieftains, beys and "rentier landlords" represented by the young chieftain of a Muslim clan Ahmet Zogolli[31] (Zogu), on the other side were the more westernized, relatively less influential, weak bourgeoisie and intelligentsia led by the Orthodox Bishop Fan Stilian Noli[32]. As the interests of the two groups differed, their approaches to the country did as well. There appeared the distinction of approaches on the redistribution of resources and power in the newly established state and regime of the state which would be left to be defined in accordance with the supremacy of one side over the other.

Zogu became the representative of the conservative, deeply established clan and feudal system and therefore, based his source of power on these centers[33]. When Zogu first came to power in late 1922, he wanted to centralize the state and tried to focus on the internal consolidation of power with the establishment of rule and order in the country without directly challenging the interests of the clan and feudal systems, which constituted the important power bases of his rule. He was careful to institutionalize his rule, as he was not strong enough to act by disregarding the different power centers in and out of Albania whether they supported or opposed him. In this process his calculations for the establishment of a viable state were mainly challenged by the demands for joining the Kosovar Albanian's leaders in the Albanian political sphere[34]. Zogu had to resist these demands because Albania had to live with neighboring Yugoslavia and it was not strong enough either economically or politically to pursue such an irredentist policy. On the other hand he had to be sensitive to the demands of the northern tribes, who were relatives of the Kosovar Albanians remaining on the Yugoslav side of the border.

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[30] C. Jelavich and B. Jelavich, The Balkans, (Prentice-Hall, Inc.: New Jersey, 1965), p. 95.

[31] Ahmet Zogolli, first dropped the Turkish suffix in his surname in order to get rid of the past and westernize the form of his name and made it Zogu and after he was crowned left his name Ahmet as well.

[32] Rotschild, op. cit., p. 360.

[33] When he came to power the chiefs took an oath to Zogu personally, rather than to the country. Vickers, op. cit., p. 106. This signifies the mentality of the clans and to what they attribute importance, personality is coming before the state and this gives explanation to the hardships before the institutionalization and the consolidation of state in the country.

[34] Ibid., pp. 104-5.

When allocating the resources, Zogu gave the priority to his political interests. He employed mostly his clansmen. In this period discontent among the various parts and groups in Albania increased. While the southerners complained about the taxes collected overwhelmingly from their regions and spent for the northern tribes, unrest among the northerners was growing day-by-day "as the gap between landed and landless, northerner and southerner, liberal and conservative grew ever wider"[35]. The Christian citizens were also not happy with the Muslim dominancy in the administration.

The overall dissatisfaction with Zogu's rule, with the spark of assassinations came to an end. After the killing of Avni Rustemi, a prominent member of the Fan Noli's Democratic Party, uprisings starting from the far north, ended up with the change of government as a result of what was called as the June Revolution in 1924. Zogu had to leave the country and fled to Yugoslavia. Fan Noli became the new prime minister of the Democratic Party government. Noli, a Harvard educated Orthodox bishop, was mostly influenced by American type liberal democracy. When he came to power he had in mind radical reforms for the backward Albanian society and government. He came up with reform plans for administration, education, disarmament of the society, establishment of democratic political system, ensuring of state authority, opening of economy by foreign investment and balance of the finance and the extirpation of feudalism[36]. Noli's most prominent reform proposal was land reform. It was in fact a political issue rather than being purely economic proposal. With the abortive land reform, he aimed to break down the power of Muslim landowning beys. Despite his ambition to apply the reforms, at the application stage, he failed. Although Noli's program consisted of the Western democratic values, it lacked two crucial elements domestic support and financial backing[37]. The alliance against Zogu rule summoned around Noli began to lose its solidarity due to the radical changes that Noli wanted to apply. Mainly the landowners turned against him as Noli's plans for land reform was a direct challenge to their existence. On the other hand, as he could not manage to achieve his aim of agrarian reform, he also lost the peasants who expected to get lands and be their own bosses by getting rid of the

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[35] Ibid., pp. 107-8.
[36] R. J. Crampton, Eastern Europe in the Twentieth Century and After, Second Edition, (Routledge: London, 1997), p. 147.
[37] Fisher, op. cit., p. 66.

beys. Noli explained his failure in his words as: "By insisting on agrarian reforms, I aroused the wrath of the landed aristocracy; by failing to carry them out, I lost the support of the peasant masses"[38]. As Noli openly admitted his mistake, his plans for Albania were not designed by taking into account the indigenous circumstances of Albania. It is generally argued that Noli's approaches about liberal democracy and the rapid modernization of the state and society were naïve. Also, despite his emphasis on the liberal democracy and democratic practices during his rule, he refrained from going for the elections, reflecting the inevitability of the circumstances and Albania's features on a politician who came up with the democratic ideals.

On the international level, Noli also could not get the support of influential countries. Italy, Yugoslavia and Britain, since they did not receive the political and economic concessions from the Noli government, distanced themselves from the new administration[39]. Noli's attempts to get financial support from the League of Nations could not be realized. This further undermined his authority in the country.

Noli's support for the Kosovar Albanian's irredentism attracted the reaction of the Yugoslavs, who kept Zogu and gave support for his aspirations to come to power in Albania again. As a result of the exploiting of weaknesses of the Noli government, Zogu organized the Albanian opposition and, by defeating the government forcefully seized power in 1925. After his coming to power he legalized his position by ensuring his election as president by the Constituent Assembly.

This time Zogu tried not to leave any thing to chance and tried to establish his full authority in Albania. Apart from his native clan, he tried to disarm people and the other tribes. He received the support of the tribes and the landlords, who were in favour of the status quo under Zogu's new authoritarian and conservative regime. Zogu was perceiving a dictatorship like government of the country as a rule which would be better suited to the "political realities of Albania"[40]. In fact, Albanians were more ready to accept a monarchy than a democratic structure, because of their familiarity with a clan system in which they link their loyalty to a high personality to rule them. Then in 1928 by crowning himself as "Zog I, King of the Albanians",

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[38] Rothschild, op. cit., pp. 361-2, footnote 3, quoted from J. Swire, Albania: The Rise of a Kingdom, (Williams and Norgate: London, 1929), p. 444.
[39] Pollo and Puto, op. cit., pp. 195-6.
[40] Vickers, op. cit., p. 117.

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Zogu completed the establishment of his one-man rule in Albania and made his *de facto* status legitimate. The wording of description of Zog I as King of all Albanians reflected the irredentist side of Albania as the term "All Albanians" basically referred to the Kosovar Albanians living in Yugoslavia. Zog consciously preferred to use the saying "All Albanians" instead of Albania to satisfy the domestic pressures, despite the fact that he owed to Yugoslavia for its help during his years in exile and their direct involvement and support in his regaining of power in Albania. Albania's aspirations never turned into a direct confrontation against Yugoslavia but this fact stayed as an important obstacle for cordiale relations between the two county and considered as a potential threat by the Yugoslavs.

King Zog's new term characterized by the increase in dependency on the Italians. Italy in this period increased its influence on Albania in exchange for the financial aid to which Albania was in desperately need of. Zog also contemplated that the increasing Italian influence in Albania would counter growing Yugoslav power in the region. The scale of Italian penetration increased day-by-day, even to the point that Italy would later proclaim Albania as a formal Italian protectorate. In time, the level of involvement of Italians had surpassed a point that King Zog could not do much against it. Instead of directly confronting the unending Italian demands, he tried to resist them, and gain time for getting outside help from diversified sources but the pre-WWII environment was not, however, conducive to achieve his aim. This struggle ended with the Italian invasion of Albania in the beginning of April 1939, and King Zogu left the country never to return again.

The post-independence era of Albania was a period of power consolidation and signified the institutionalization of authoritarianism in the country. Albania could not manage to become a united country and attempts to achieve this aim were overshadowed by the strong tribalism, local differences and the different mentality of the élite in their approach to the social relations. Economic reform and modernization were not materialized in this period. Underdevelopment remained despite small achievements, and the political environment based on corrupt, conservative, authoritarian personalities rather than on functioning democratic institutions. The economy depended on an inefficient and limited production with the lack of incentive and mentality for capital accumulation. All of this led to reinforcement of underdevelopment and perpetuation of authoritarian rule.

The Italian occupation of Albania continued during the first phases of WWII. An Italian led puppet government was set up. The Italians were in charge of the economy and foreign policy. The Italians *de facto* colonized Albania. However, the overall weaknesses of Italy during WWII would lead to the German occupation of Albania and the replacement of the Italians. The Germans tried to use and get the support of some Albanian having irredentist ideas for uniting with the Albanians of Kosovo and establishment of the "Greater Albania", offering realization of their ideas as a political bribery.

During WWII, Albanian resistance against the occupiers also had a fragmented nature. Differing interests and ideologies resulted in the formation of various resistance movements. The first organized resistance movement was the National Liberation Front (LNC), which contained various resistance movements under its command. The communists led this organization and the armed resistance[41]. Even though Albania was the last country in the Balkans to establish a national communist party - the Albanian Communist Group was first formed in the Soviet Union[42] in August 1928 and the unified Albanian Communist Party was officially established in Albania in November 1941[43] - it was strengthened and turned into a well-organized movement to take the lead in the national resistance movement during WWII, particularly with the help of the Yugoslav Partisans. Enver Hoxha was the leader of the communists in Albania. Towards the end of the war, the communist led National Liberation Front became the strongest and the best organized resistance group in Albania with foreign help. Both the Yugoslav Partisans and the Allies from the British who contemplated opening a second front against Germany as a contingency plan were influential in providing this help.

The second group was the Balli Kombetar (National Front), which consisted of the anti-Zogist, conservative nationalists. These were against both the communists and the royalists. Mainly landowners and northerners were the participants of the movement who were disturbed by the Tosk dominance in the communist party and the National Liberation Front.

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[41] S. Skendi, The Political Evolution of Albania, 1912-1944, (Mid-European Studies Center: New York, 1954), p. 17.
[42] R. Hibbert, Albania's National Liberation Struggle: The Bitter Victory, (Pinter Publishers: London, 1991), p. 12.
[43] Vickers, op. cit., pp. 145-6.

The final group was the pro-Zogist Legaliteti (Legality) movement. They were the nationalists who favoured the old monarchic regime, and supported the return of the King to Albania.

During the war these groups could not coordinate their efforts as they were coming from different backgrounds and pursuing different objectives. The Communists were mainly having their support bases in the south among population of primarily peasant, the Tosks. The leadership of the Communists consisted almost entirely of Tosks, whereas supporters of Balli Kombetar and Legaliteti from northern Ghegs, members of the tribes and the landowners. They also had different interests and different strategies for their goals, in order to cope with the occupying forces and gaining rule in the country. Through the end of the war it became apparent that the communist's partisan army had the upper hand in the establishment of the government due to their military power, organization and commitment to rule the country. Against the hopes of the Balli Kombetar and Legaliteti, the allies could not do much to prevent the communists' taking over of the government in Albania and Enver Hoxha established his government in 1944, causing the departure of the non-communist elements of Albania.

The communists coming to power signified a very important turning point in Albania's political, economic and social lives. With the communists' taking of power, political power was transferred from the Ghegs to the Tosks[44] since the majority of Albanian Communist Party members and leadership cadres were Tosks. This transfer of power influenced the priorities of the regime. Politically, Ghegs had long been preserving their aspiration to unite with the native Gheg Albanians living in Kosovo. For the Tosks, realization of this would mean losing further of power against the populous Ghegs, and increasing the social imbalance within the Albanian society. Naturally, they were skeptical about this idea.

The main country that the Albanian communists were inspired by and closely in cooperation with, to the extent of creating a customs union and starting negotiations for a possible merger, was neighboring Yugoslavia. In this respect, the role of the Kosovo issue had utmost importance in determining the nature and the level of relations between the two countries and their leaders, Enver Hoxha and Josip Tito. The Yugoslavs had replaced the Italian's role during the interwar period.

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[44] Ibid., p. 164.

Yugoslavia provided economic support to Albania by becoming the main economic partner; supplying food and other needs, and purchasing the raw materials that Albania could produce. While the environment on the morrow of the World War was very conducive to developing such relationships, in time the extent and the nature of the relationship between Albania and Yugoslavia began to alter as the result of the changes in the world politics especially when the lines between the blocs became significant and the positions within the communist bloc clearer.

The coming of power of Enver Hoxha and the communists signified an important turning point in modern Albania's history. This era, lasting until the end of the 1980s, witnessed significant historical changes as well as continuities. On the one hand, while Hoxha's new regime brought direct challenges to traditional Albanian society, political and economic structures, on the other hand, it could not escape from applying to the old habits and approaches of the predecessor regimes like authoritarianism.

Albania was not the best place to establish a communist regime. It had a traditional conservative society possessing close clan structures, lacking a working class and a developed proletariat, influential intelligentsia, yet it had on the contrary, a majority of illiterate peasants and an underdeveloped traditional society. Hence, the Albanian socialist leaders turned to dismantling the existing rural social relations, hoping to create a modernized Albanian society. The established authoritarian regime was not a new phenomenon for Albanian society. From the reign of the King they were used to use of force, cohesion, having limited rights and freedoms but what they were not used to were the totalitarian applications and a drastic change of society from top to bottom by the homogenization of differences. People were forced to develop a new identity for themselves as the new regime attempted to eliminate their traditional characteristics based on religious, linguistic, regional and social differences. Religion began to be de-emphasized by the state and later was fully banned for the reason that religion was thought to be one of the causes of underdevelopment. The linguistic differences between the Gheg and Tosk dialects were taken from the agenda by proclamation of the Tosk dialect as the valid[45] and

[45] I. Blumi, "The Politics of Culture and Power: The Roots of Hoxha's Postwar State", East European Quarterly, vol. 31, no. 3, 1997, p. 389.

"unified literary language"[46]. By limiting the economic differences and attempting to create a working class structure, the society was to be rearranged with a different conceptualization. The new regime was also offering the Albanian society a new identity based on an ideology replacing all the factors that they had been identifying themselves.

The communist regime directly targeted the traditional living and values of the Albanian people by attributing to them responsibility for the underdevelopment of the country and the backwardness of the society. The agrarian reform that predecessor political leaders like the King Zog and Fan S. Noli had tried to apply and collectivization of the agriculture were radically implemented by the communists, resulting in the confiscation of lands by the state. Peasants this time began to work for the state instead of the landowners, within the collectivized farm system. Private property possession was prohibited and existing assets were expropriated. In time, the "Cultural and Ideological Revolution" and other social engineering projects began to be applied in the society. Religion was banned, clan relations were denied and restricted and large patriarchal family structures were undermined. Also, traditional gender roles within the traditional society began to change by the introduction of the emancipation of women. As a result of overall socioeconomic changes, the communist rule managed to erode the traditional family, tribal and regional loyalties, especially in the north of the country where the Catholic northern tribes with these features and different loyalty bases could pose a threat for the regime.[47]

In terms of the economic development, a centralized planned economy began to be applied with exceptional priority given to industrialization at the expense of the agricultural sector. Like almost all of the socialist rules in the region, the Albanian socialist élite thought that the establishment of large industrial complexes was a sign of economic development. Both the agricultural production and the role of the peasants in the economic life began to diminish. Import substituting industrialization for decreasing dependency on the outside world tried to be implemented. In time with the political decisions, this turned into be an autarchic economic preference based on self-sufficiency, which could never be achieved by the Albanian economy,

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[46] A. Pipa, Albanian Stalinism: Ideo-Political Aspects, (Columbia University Press: New York, 1990), p. 185.
[47] Vickers, op. cit., p. 197.

further deteriorating the level of living in the country. Despite the relative improvements in the living standards of the people in the 1950s and 1960s, due to the consequences of inappropriate economic policies, people continued to suffer under the communist party rule.

Under the communist party rule the political power continued to be concentrated in the hands of a limited élite, who formed the nomenklatura, and the personal cult of the leader of the new regime. Political monopoly was consolidated in the Albanian Labour Party (APL) and embodied in the cult of Enver Hoxha. Political participation was limited to a group of élite. No opposition was allowed under the restricted political and civil rights. The centralization of the state, that King Zogu had wanted to establish, was achieved by the communist party rule in the utmost level. The communist rule extended its authority in all aspects of the politic, economic, social realms of the society and state, even to the command of individuals' lives. These also became a solution for the legitimacy issue for the communist rule as long as it could direct the public under strict control. The tight control over Albanian society and the elimination of alternative power centers like tribal leaderships, feudal landlords and an already very weak bourgeoisie, provided a stable environment for the regime to consolidate its rule in Albanian society, where the loyalty of the people could shift easily among different power centers.

Since the establishment of the modern Albanian state, state-society relations have been very problematic. The state forming cadres regarded the features of the Albanian society as the main obstacles to the consolidation of state and modernization of Albania. While forcing the society to change, they disregarded the characteristics and the needs of the people. The society on the other hand kept a distance from the suppressive state and used any possible occasion to rise against the state. These caused a permanent state of tension in the country. In the course of time while the form and methods of the authoritarian rules changed, their approach and use of the state apparatus against people did not much change, resulting in further deepening the distrust between state and society. The communist party rule used state apparatus as a means of suppression. Personal rights and freedoms were strictly limited and suppressed by the state. The civic mentality, which was historically weak, could not find free space to flourish in an environment dominated by the totalitarian mentality imposed on the Albanians.

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Albania's vulnerability of territorial integrity, openness to foreign influence, and need for external financial aid and technical help, continued under communist party rule as well. Albania sought alliances for ensuring its territorial integrity[48], which was mostly perceived as being at stake due to the territorial claims of neighboring countries. The nature of the patron-client relationship developed from the establishment of the modern Albanian state continued in post-WWII era despite the totally different political regime, thereby proving the survivability of this type of relationship in the context of the Albanian state under different regimes and circumstances. Following WWII, Yugoslavia filled the vacuum of an ideological, political and economic ally for Albania. This would even lead to discussion of the forming of a confederation between Yugoslavia and Albania, however this did not last long. Yugoslavia provided assistance to Albania until the political, ideological differences and territorial disputes caused the separation of their paths. At that moment Albania had found another ally for itself as a consequence of the developments in the international arena due to the Yugoslav-Soviet ideological break up. The Soviet Union readily provided the necessary aid for Albania, which wanted to rid itself of the Yugoslav influence, in exchange of political and strategic support provided by the Albanians. In this period, the Soviet's intention of being in full control of Albania, and Stalin's successor Kruschev's ideological shift from his predecessor's policies, disturbed Hoxha. Albania once more broke apart from its protector. This time, the Chinese replaced the post of foreign ally providing assistance to Albania. The story came to an end in the late 1970s as Albania, retained its ideological position and adamantly opposed any changes in the Stalinist approach of communism among the "revisionist" states. As the suitable actors for the patron-ally-protector role disappeared, Hoxha had to turn to domestic resources and tried to fill gap of a foreign ally by sticking to self-sufficiency policies. Enver Hoxha's opting for the isolationist policy for the Albanian state brought the country back to the old times, when the country because of geographical restrictions and social conditions, was closed to the world. Hoxha's isolationalism further closed Albania and Albanian society to the world, with the exception of a small minority of nomenklatura, who were allowed to be open to the world. This decision hampered

[48] G. Xhudo, Diplomacy and Crisis Management in the Balkans: A U.S. Foreign Policy Perspective, (MacMillan Press Ltd.: London, 1996), p. 35.

the development of Albania but assured the security of the regime by closing the country to any possible kind of foreign influence. Hoxha also turned the failures of the relations with the foreign allies, which became one way or another the enemies of the Albanians, into political tools to provide legitimacy to his regime. First approaching and developing close relations, then spurning the British, the Americans, the Yugoslavs, the Soviets, and the Chinese, Hoxha built up Albania's defensive nationalism on "his vision of Albanian unity with a formidable xenophobia"[49]. Pumping the existence of an imminent threat of foreign invasion and building up all around the country the tangible reminders of this idea, the pill-box bunkers, Hoxha sacrificed the already scarce economic and human resources of Albania for his personal designs.

Enver Hoxha's rule of more than four decades shaped Albanian destiny. Hoxha established a Stalinist state in Albania and consolidated his personal and the state's power in all aspects of social life. Long before his death, Hoxha had already laid down the foundations for the continuation of his rule. Eliminating the other possible candidates for his post, Hoxha had named Ramiz Alia to be his successor. This process of elimination of strong APL leadership and after that the preparation of Alia for the leadership, had started after Hoxha's health problems arose in the second part of the 1970s. Indeed, there were few possible personalities existing to replace Hoxha. Other than Alia, who was the fourth ranking member of the leadership, there had been Hysni Capo, Hoxha's personal aide and third ranking member of the leadership who had died in 1979. Defense Minister, Beqir Ballaqu, had been purged in 1977. Finally, appearing to be the strongest candidate for the post, Mehmet Shehu[50], the second man, a close colleague of Hoxha, was serving as the prime minister and controlling the strongest power bases of the state - the secret service Sigurumi and the military - when it was announced that he had committed suicide. Following his suicide, Shehu was accused of having been "a foreign spy working for the U.S., British, Soviet and Yugoslav secret agencies"[51]. In fact, it seems that Shehu had become a victim of a purge, which he had himself applied in many occasions as a means of preserving communist party rule[52]. In November 1982, Alia was

[49] Glenny, op. cit., p. 560.
[50] Vickers, op. cit., p. 207.
[51] Biberaj, op. cit., p. 37.
[52] For a detailed analysis of the purges during different political periods see Pipa, op. cit., pp. 54-91.

appointed as the head of state (Chairperson of the Presidium of the People's Assembly)[53].

Hoxha was fearful of the future of the country and of his regime as foreign assistance and financial support came to an end. He wanted the continuation of his regime as it was after his passing away. Hoxha thought of the aftermath of his rule. For him, after his death there could be a crisis of the regime, which depended on his strong personality and the legitimacy that was resting on him as the founding father of the regime. To overcome possible challenges, he created a new constitution, which was designed with the aim of preserving the framework of the regime with the provisions closed to changes and amendments. With the promulgation of the new constitution in 1976, Marxism-Leninism was declared to be the nation's official ideology by Article 3. Article 23 of the constitution limited property ownership to personal residences and household goods, Article 28, forbade granting of concessions to, or the receipt of credit from, foreign companies or states, Article 37, forbade practice of religion, and constitution also subordinated the army to the party under the command of the APL first secretary[54]. By these changes Hoxha aimed to secure the regime, to institutionalize his policies of preserving "the leading role of the party, pursuit of an independent foreign policy and principle of [economic] self-reliance"[55] and tried to block any revisionist threats to it. By these precautions, Hoxha managed to erect obstacles before the forthcoming rules to prevent any possibility of an internal transformation of the country. Blocking the ways of legal and institutional change became one of the major set backs for the transformation attempts in the post-communist period. He waited for consolidation of his power and the maturity of the transformation of the country to introduce these changes.

After making the constitutional changes, time had come for Hoxha to appoint a suitable personality to replace his post. This had to someone who would follow his guidelines for the future of the regime.

Ramiz Alia, as a Gheg from the northern town of Shkoder, had an unusual background for reaching the top cadres in the ALP, which was extensively dominated by Tosks. Alia had joined the communist party and the National

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[53] N. Pano, "The Process of Democratization in Albania", in Politics, Power, and the Struggle for Democracy in South-East Europe, edited by K. Dawisha and B. Parrot, (Cambridge University Press: Cambridge, 1997), p. 296.
[54] Ibid., p. 295.
[55] Biberaj, op. cit., p. 35.

Liberation Movement in 1943, fought during the war, and started his career in the communist party from the bottom by occupying the leadership posts in the youth organization[56]. Alia rapidly took the steps to reach the Central Committee and then the top party administration, ultimately joining the Politburo and party Secretariat. Ramiz Alia never clashed with Hoxha. By keeping a low profile on the controversial issues and by developing a close personal relationship with Hoxha's influential wife, Nexhmije, Alia appeared as the convenient candidate to succeed Hoxha. His commitment to the Hoxha's policies in the past also appeared as a good reputation for him. Alia was a technocrat and this provided him the information that he would use during his future attempts for gradual changes.

The transfer of power occurred smoothly. In fact, there was no one left in the party strong enough to challenge "the chosen one". Few days after Hoxha's death on April 11, 1985, Alia was elected for the Chairmanship of the APL and became president. After Alia officially took over full power, that he had held virtually for sometime, with his experience of administering the country, he felt obliged to deal with the difficulties and problems that Albania has been facing for sometime.

[56] Biberaj, op. cit., p. 38.

CHAPTER III

POLITICAL CRISES AND THE PERPETUATION OF AUTHORITARIAN RULE

III.A Old Leadership under New Circumstances

In the second half of the 1980s, not only the society's dissatisfaction with the living standards, but also the changes in the international politics were forcing Albania to change. The quality of life had dropped in the period starting after the breaking up with the Chinese -the last country to provide assistance to Albania. There was not any motivation among the people; especially the industrial workers and civil servants were showing no sign of motivation, which caused a drop in the productivity. Another factor for the fall in production was the lack of spare parts and technical assistance for the foreign built industrial investments. Management problems also influenced production. In fact, Hoxha's ambition for the industrialization of the country under the Stalinist model of giving priority to heavy industry proved to be inefficient. The industrial plants were built up in unnecessarily large scales and with excessive capacities given that the production of the goods was only for internal consumption. As exportation of the products was almost impossible, the factories remained idle yet full of workers, who were also in excess numbers due to the full employment policy of the regime in order to disguise unemployment in the country. Hoxha's ignorance of agriculture at the expense of the industrialization and modernization of Albania made the country very dependent on the importing of food. The lack of food and other basic consumer goods and the low quality accessible ones, caused discontent in the society. Although the regime was keeping the country and the society under tight control, there was still a need for legitimacy among the

people. Alia aimed to increase the living standards, but in vain. The centralized structure of the economy with very detailed planning under the five-year economic programs after the cutting of the foreign financial aid and technical expertise proved to be inefficient and far from being successful.

Ramiz Alia had the support of the party cadres and the intellectuals for the implementation of some changes in the country. The conservatives of the APL did not favour the changes and Alia felt obliged to make the possible changes without diverting from Hoxha's principles. In fact this created a dilemma for Alia; on the one hand, there was an urgent need for changes, on the other hand, the obligation of following Hoxha's guidelines limited the scope of the changes and Alia's area of maneuverability. Although he realized the necessity of the changes, taking into account the conservatives' reactions, Alia acted reluctantly for making drastic changes. He tried to take measures aimed revising the functioning of the communist system rather than changing it[1]. Alia did not challenge the dominant role of the APL and the élite's monopoly on power because his personal existence was directly related to the existence of these two. In many sense, Alia's policies were a continuation of the earlier periods.

In his report to the Ninth Party Congress in November 1986, Ramiz Alia accepted the failure of the 1980-85 five-year economic plan[2]. The direct consequences of a pursuit of a self-reliance policy, combined with structural problems and the people's reluctance in their economic contribution, had culminated in appearance of a very dreadful economic picture. After the relative improvement in the people's living standards compared to the pre-communist period, the situation began to deteriorate during the 1980s. The post-WWII period's legitimating title of being "the liberator of the country" was no longer enough to legitimize the regime. The regime began to face difficulties in preserving its legitimacy. Albania experienced a social transformation during the communist party rule as the population grew by nearly three times. This resulted in a very young society, in which the working structure and the sectors' ranking drastically changed. The number of agricultural workers fell while the blue and white-collar employees

[1] E. Biberaj, Albania in Transition: The Rocky Road to Democracy, (Westview Press: Oxford, 1999), p. 28.
[2] A. Pipa, Albanian Stalinism: Ideo-Political Aspects, (Columbia University Press: New York, 1990), p. 166.

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increased parallel to the shifting of priority in the economy from agriculture to industry[3]. Application of strict rules for the internal migration from rural to urban areas prevented further worsening of the agriculture while causing the highest percentage (66 per cent) of rural population in Europe[4]. In this environment it was very difficult to be better off by only relying on the inadequate domestic resources.

In the society there was not an intellectual incentive for offering any alternative since the regime had closed every possible way to transform itself, which might have helped Alia in his designs of changing and liberalizing the system with systemic means without threatening the integrity of the system. The lack of organized dissident groups within strictly controlled society and the "immature intelligentsia closely integrated with the regime"[5] resulted in a restricted and unproductive intellectual environment unable to ease any kind of change in the country by establishing the necessary framework for the changes. The intelligentsia's main demand from the government was for greater creative freedom, and relaxing the rigid party, Sigurumi, the secret service, and Ministry of Interior's controls[6]. Only at the late 1980s, could these demands be voiced by a limited number of leading intellectual figures, such as Neshat Tosaj and Ismail Kadare[7].

Although the isolation policy had closed Albanian society to outside influences, Albania could not totally ignore the developments in the Soviet Union and other communist countries in the East Europe. The attempts for change and the reconciliation between the super powers and a substantial change in the East-West relations had ideological and practical impacts on Albania. In the ideological realm, Hoxha's long feared "revisionism" became fashionable among the communist regimes of Eastern Europe. The Eastern Bloc countries began to adopt liberalization in politics and economics by distancing themselves from the communist approaches.

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[3] N. Pano, "The Process of Democratization in Albania", in Politics, Power, and the Struggle for Democracy in South-East Europe, Edited by K. Dawisha and B. Parrot, (Cambridge University Press: Cambridge, 1997), pp. 287-8.

[4] Ibid., p. 298.

[5] Actually the intelligentsia was basically located and stuck in Tirana, and had only appeared as a social force in the Albanian society after the establishment of University in 1957. M. Vickers and J. Pettifer, Albania: From Anarchy to a Balkan Identity, (New York University Press: New York, 1997), p. 16. Albania is the last country to open a national university in the Europe.

[6] E. Biberaj, Albania: A Socialist Maverick, (Westview Press: Boulder, 1990), p. 43.

[7] Tozaj's novel Thikat (Knives) was telling the story of violations of human and civil rights, and abuses of power by the state apparatus. Kadare Albania's worldwide known author issued a declaration for a "more just Albanian society based on the rule of law, respect for individual right and freedom of expression for writers and artists". Pano, op. cit., p. 300.

Albania condemned these developments taking place in the rest of the Eastern Europe, denouncing Gorbachev's *perestroika* as a "restoration of Capitalism"[8]. Albania's leadership called all liberalization attempts as a part of revisionism and tried to stick to the strict Stalinist policies that it had been pursuing.

East-West rapprochement paved the way for a common ground for the countries but regional changes were signaling instability. In particular the developments in Yugoslavia, in the post-Tito era, and in Kosovo, after 1986 with rising Serb nationalism, forced Albanian decision makers to reconsider their isolationalist policies. With the changing circumstances, Alia convinced the party to a limited opening up to the world. The first implication of Albania's intention of opening up at the regional level was that In 1987 Albania normalized its relations with Greece and ended the state of war between the two countries that had existed since 1945[9]. Albania participated to the Conference of Balkan Foreign Ministers in February 1988, which was held in Belgrade. With its previously started initiatives, Albania tried to strengthen its diplomatic ties with European countries. It established diplomatic relations with West Germany and Canada in this period as a part of Alia's intention to break up the self imposed isolation and "diversifying the country's external relations"[10]. This was signifying a clear shift from the earlier policies, though nothing more than pragmatism. Alia was showing his pragmatism in order to cope with the economic difficulties by getting rid of the limitations of the isolationalist foreign policy. Opening to the world and increasing people's access to alternative information sources like foreign television and radio broadcasts, made the public aware of the developments in the Eastern Europe and the Soviet Union, paving the way for domestic attempts for domestic liberalization. The ruling élite was also influenced by the developments in the Eastern Europe and the revolutionary changes in the communist regimes. Among these, the December 1989 revolution in Rumania, which turned to be the bloodiest revolution signifying the toppling of even an internally very strong Ceausescu rule, was considered to have been the most influential development on the Albanian leadership[11] and public opinion.

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[8] D. Hall, Albania and Albanians, (Pinter: London, 1994), p. 173.
[9] M. Vickers, The Albanians: A Modern History, (I.B. Tauris: London, 1995), p. 211.
[10] Biberaj, 1990, op. cit., p. 43.
[11] M. F. Goldman, 1997, Revolution and Change in Central and Eastern Europe: Political, Economic, and Social Challenges, (M.E. Sharpe: New York, 1997), p. 56.

Ramiz Alia used limited changes in mainly the economic and cultural spheres, introducing partial decentralization of the state's economic management and relatively greater freedom of expression. Alia's aim was to improve the system's efficiency and meet the basic needs of the population to the extent that these steps would not pose a threat to the system and be politically risky for himself[12]. Through the end of the 1980s the priority of the Albanian leadership began to shift from an introduction of limited reforms to a strengthening of their legitimacy in society to overcome and manage the changes that the new circumstances were forcing them, in such a way as "to maintain as far as possible the monopoly of power and to avoid major disorder and bloodshed"[13]. The first popular demonstrations were held in late December 1989 in Skhoder, which was known as the most opponent place to the communist party rule. This was followed in January 1990 by the first anticommunist demonstrations, during which demonstrators tried to topple a statue of Stalin[14]. The rallies were put down brutally by the security forces. Pacific reactions of the people to the government continued as industrial production declined through with absenteeism and inefficient working of the employees.

During the 1980s the culmination of the structural problems of the Albanian economy began to be felt more and more. For a long time Albania had been consistently following the orthodox Stalinist economic model supported by the economic backing of an ideological ally. Following the termination of foreign assistance and aid due to political decisions, the Albanian economy tried to survive by relying on its own resources. At the beginning of the 1980s the general state of the Albanian economy could be portrayed as highly centralized and planned, while trying to achieve self-sufficiency in agriculture and implying a parallel policy of heavy industrialization.

The aim of the overcentralized administration of the economy was "to control the distribution of wealth and to curb the expanding the internal aggregate demand under conditions of inadequate financial and technological resources"[15].

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[12] Biberaj, 1990, op. cit., p. 45.
[13] Vickers and Pettifer, op. cit., p. 19.
[14] Biberaj, 1999, op. cit., p. 34.
[15] Gramoz Pashko, "The Albanian Economy at the Beginning of the 1990s", in Economic Change in the Balkan States: Albania, Bulgaria, Romania and Yugoslavia, edited by Örjan Sjöberg and Michael L. Wyzan, St. (Martin Press: New York, 1991), p. 129.

The main sectors were agriculture and industry, to which had been attached great importance by the communist rule. Agriculture concentrated under the collective structure was not a very productive area despite the expected increases after collectivization. The industrial side of the economy was also not functioning satisfactorily.

Industry was designed with the idea of import substitution. It was also badly planned with overcapacities and equipped with out of date technologies. After the successive break up with the economically assisting countries, industrial production decreased due to lack of spare parts and the necessary production materials. Following the last break with China, as the Chinese stopped providing the needed raw materials and spare parts, and the industrial production began to decrease. Although the initial aim was to achieve self-sufficiency, the industrialization attempt made the Albanian economy dependent on imports for its outdated, low productive industry. Moreover, parallel to the great importance attributed to industrialization, the state had to subsidize the inefficient industrial enterprises. The financing of unproductive sectors was an important burden on the economy. The enterprises were poorly managed and productivity was not the priority. The administrators of the enterprises were required to achieve the predetermined goals for production and their production was subsidized. The lack of competition hindered the creativity of production and the enterprises tried to only achieve the determined level of production by the central planners.

Heavy industry was the main area to which the priority of investment was given. It was meant to be the basis of the import substitution and self-sufficient economy but it was not a competitive industry planned for domestic consumption. The secondary sector was the resource intensive industries of extraction like oil, chromium, copper, and iron, and production like metallurgy[16]. The resource intensive industries were the primary sectors to lead the exports of the country to provide foreign currency.

For the employment of the people, the state adopted a full employment policy, which was also a problem. Albania was one of the leading European

[16] Ibid., p. 136.

countries in population growth rates[17]. As the population was increased, the need for enough occupancy for the people also grew. The majority of the people were working in the agricultural sector. The movement of the people within the country was strictly restricted; in particular, movement to urban areas was under state authorization. This unemployment problem influenced the orientation of the economy and caused a turn towards labour-intensive activities[18]. This development paved the way for the employment of people in big enterprises by decreasing the mechanization and causing a fall in the productivity[19].

The domestic market was very limited and indeed there was not much offered to people as consumer products. The market was strictly controlled by the supply of the products under a fixed price system. The state was the responsible body for the supply and distribution of goods to the market. Related to the increase in the population, demand for the consumer goods increased but the supply of these goods was insufficient, as the priority of production was given to heavy industry not to those industries to feed the consumer demands. In time, this caused scarcity of goods in the markets.

The general decline trend of the Albanian economy continued during the 1980s. The limited remedies, which tried to be adopted by the Ramiz Alia leadership, could not be successful in their effort to recover the economic conditions. Limited decentralization with limited independence presented for the enterprises could not provide a boost in economic development. There was not much to be done in the existing overcentralized system, which did not provide maneuvering room for reforms in the economy.

Felling the necessity for a change, Ramiz Alia tried what he could achieve in a system, which was designed not to allow changes. Alia took pragmatic steps in the little room for maneuvering within the limits of the system and the conservative cadres resisting any change. In this sense Alia was representing both continuation and departure from Hoxha's rule. In fact both the international circumstances and the domestic necessities were forcing the stagnant system to transform and as a

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[17] The population growth of Albania between 1980 and 1990 was 2.1 per cent. Anthony Cluines-Ross and Petar Sudar (eds.), Albania's Economy in Transition and Turmoil, 1990-97, (Ashgate: Aldershot, 1998), p. 10.
[18] Pashko, op. cit., p. 136.
[19] Ibid., p.138.

consequence of the inevitability of the reforms, despite being a latecomer, Albania had to join the club of change.

III.B Escaping from Isolation and Path to Liberalization

The APL could not stay indifferent to the growing unrest especially among the youth, who were calling for the changes, particularly improvement in the economic situation and a democratization of the political system. In January 1990, the APL Central Committee declared a decentralization of party authority by giving local organizations the freedom to appoint senior officials and experts[20]. This was however a limited liberalizing attempt within the party structures. The decentralization attempt was accompanied by "a policy of less central planning and less subsidies introduced with the free sale of agricultural surpluses"[21], which opened the way for free marketing. The first signals of major changes came after the APL's 10th Plenum of the Central Committee, which was held in April 1990. Albania decided to abandon its isolationalist policy and announced its intention of restoring relations with the Soviet Union, the United States, European Community (EC) countries, to participate the international organizations, and to sign the United Nation's international treaties. In May 1990, important changes were made on penal code, a ban on religious propaganda was removed, and outlawed foreign capital was legalized, which were followed by the changes for allowance private enterprise in services and handcrafts and legalization of public demonstrations in July 1990[22]. Within these changes civil rights were not fully granted to the people and although the Ministry of Justice, which was abolished during the cultural revolution of 1960s and the justice was under the direct control of the administration with the Office of Prosecutor General responsible for the implementation of the laws, was reestablished, the functioning of law was under the leadership and the party's influence and it was too early to talk about an institutionalized rule of law in the country.

Despite the limited attempts for reform, unrest among the Albanians was growing day by day. In the relatively relaxed environment, people began to express

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[20] Biberaj, 1990, op. cit., p. 52.
[21] A. Cluines-Ross and P. Sudar (eds.), Albania's Economy in Transition and Turmoil, 1990-97, (Ashgate: Aldershot, 1998), p. 56.
[22] Ibid., pp. 56-7.

their dissatisfaction with their life conditions. Shortages of basic consumer goods and low wages were causing a deterioration of the already low living standards. Social conditions were forcing people to show their reaction to the government by increasing their voice. With the economy in a sharp decline and losing its already inefficient production capacity in both industry and agriculture, the limited remedies that the leadership could resort in order to normalize the living standard of the Albanian people were proved to lead nowhere before.

In this era and in future crises, Albanians, who felt hopeless about the reforms and saw no light at the end of the tunnel, have often resorted to escaping from the country in any possible way to start a new life abroad. Although this was a new phenomenon for mainland Albania, -where Albanians who lived under a strict regime that did not allow traveling abroad and heavily punished any attempts to escape from the country- there were many Albanians living and working in different parts of the World especially in Italy, Germany and Switzerland, who were mainly the émigrés from Albanians of Yugoslavia. On July 2,1990 more than a hundred people entered the Italian, French and German embassies in Tirana, followed by thousands of people occupying the diplomatic quarter of Tirana where the foreign embassies were located. People who were able to enter different embassies gathered public support and drew the world's attention to the country. The Albanian government had to accept the people who were in the embassies to leave the country. More than four thousand Albanians left the country, mainly for Germany. This incident was the first but would not be the last attempt of Albanians tried to reach the foreign embassies in order to be granted refugee status. Apart from this, Albanians also used the way of illicitly traveling across the Adriatic to reach the Italian shore from where they either went to Germany, Switzerland or other European countries or they stayed in Italy to get jobs and settle. Albanians used every possible floating vessel to reach Italy. This ambition turned into a repeated regular action especially during times of domestic crises. Albania's southern border also experienced a massive influx of Albanians into Greece, mostly to get temporary jobs. During the 1990s Albania experienced a vast migration abroad especially of qualified workers and educated people, which further weakened Albania's transition attempts in the

post-communist era[23]. Albanians' illegal migration to Western European countries became a major security problem for the European countries due to the high quantity of immigrants and the illegal activities that some of the Albanians were doing in these countries.

December 1990 signified a turning point in the historical development of Albania. The long state of accumulated unrest, which had been controlled by the internal dynamics of the society and the coercive mechanisms of the state, began to be reflected in the demonstrations of university students. Student riots became the spark for Albanian society, which was on the brink of social explosion. Students at Tirana University starting demonstrations for better conditions and later expanded their demands to include the introduction of democratic reforms and political pluralism. In different parts of the country, people gathered to show their solidarity with the students. Taking into account the general discontent and the limitations of the state's capacity and the influence on the society, unlike the previous exercises of suppression of any opposition or demonstration with force and violence, Ramiz Alia opted for reconciliation with the students. In this process, Alia activated the country's leading cardiologist, Sali Berisha[24], with the task of mediating between the government and the students. This mission provided a good opportunity for the future Albanian leader to establish a personal base and close links with the country's main opposition forces, which would later turn into the political opposition of the country. Ramiz Alia accepted the demands of the students. The decision allowing the establishment of political parties passed in the Peoples Assembly on December 11, 1990. Soon after the decision of legalization of the political parties, the first opposition party, the Democratic Party (DP), was established on December 12, 1990, by a group of intellectuals and young student leaders of the university demonstrations.

Although the communist leadership was reluctant to share the political arena with the opposition, they could not stand up to the domestic and international circumstances and pressures. In fact, Alia was also in need of more space to realize some of the necessary reforms, which would be resisted by the loyal Hoxhaists

[23] I. Gedeshi, , "Intellectual élite Make a Run for the Border", Albanian Observer, vol. 3, no. 11, 1997, pp. 40-2.

[24] Sali Berisha was born in Tropoja the northeastern district of Albania. Berisha was a medical doctor who had completed some part of his education abroad in France and became a leading cardiologist in Albania. During the communist period he was also a member of the APL.

within the APL, therefore having an opposition in favour of change could be used as a supporting factor for the reforms. On the other hand, Alia was not ready to give up the political dominancy of the communist party and lose his post. He tried to establish a delicate balance in his policies between the need to succeed in the reforms and not to weaken the regime in order to stay in power in an environment where the legitimacy of the regime was at stake.

The Democratic Party not only used its priority in the entrance in the Albanian political scene but also with its influential founding cadres and support bases, in a short time it strengthened its position as the country's major opposition party. The leading figures and founding members of the Democratic Party were Sali Berisha, Gramoz Pashko, Aleksender Meksi, Eduard Selami, Neritan Ceka, Arben Imami, Genc Ruli, Preç Zogaj, Azem Hajdari and some other student leaders. Despite his youth Azem Hajdari became the chairman of the Democratic Party's steering committee. Having strong intellectual, student and workers' support basically in Tirana and some other urban centers, and uniting the opposition of the different parts of the society under its body, the Democratic Party initially tried to organize itself in the cities. The spreading of the opposition parties to the country was not easy due to geographical and material difficulties, since they did not possess the necessary experience and the financial sources for expanding at the local level all around Albania.

In its program, the Democratic Party put the priorities on the institutionalization of democracy, a plural political system, the rule of law, respect for human rights and the transition to the market economy. The Democratic Party was established as a center right wing party in the political spectrum of Albania. The Democrats were favoured a clear-cut break up with the communist past and the establishment of a new political and economic system, which had to meet Western European standards. In this sense what was in mind of the Democratic Party leadership was not different from the transition attempts shaping in the East-Central European countries, which had just begun to be applied in those countries. After the country's long period of isolation during communist party rule, in the new era the Democrats were strongly supporting idea of Albania's returning to the international arena with the aim of inclusion in the European security structures and integration processes, improvement of the regional relations and joining to the international

organizations. For the Democrats, development of close links with the European countries and the United States was given the utmost priority for the country in order to get vital assistance and aid for Albania's achievement in the realization of the necessary reforms and transition to democracy and the market economy. The Democratic Party worked to get international support for its existence and tried to show itself as the main party which had both the capacity and willingness to rule Albania in the post-communist era. The Democrats also did not forget to emphasize their support for and solidarity with the Albanians living outside the Albania proper, mainly the Kosovar Albanians who had been in a struggle within Yugoslavia. The Democratic Party, with its reference of the Kosovar Albanians' cause, gained credibility among the Albanian Diaspora which was also anti-communist, opening the way for providing financial support which was desperately needed by the party.

After the establishment process, the Democratic Party solved the leadership issue with the election of Sali Berisha as chairman of the party. Berisha, Pashko and Hajdari ran for the leadership. With his leadership charisma and reputation among the people stemming from the student protests process Berisha reached the chairman post of the Democratic Party by providing a majority and later unanimous support for the steering committee in an environment of a newly organizing party which needed solidarity rather than internal political struggles.

Following the Democratic Party, some other parties were also established. The Republican Party was formed in January 1991, aiming to fill the vacuum in the middle -close to mainstream right- of the political spectrum. It was basically shaped by the existence of the APL on the left and the DP on the right, which constituted the two pillars of politics. Despite their gradual approach in the economic transformation the Republicans, contrary to Democrats idea of rapid change in the economic realm, generally shared the policies of the Democratic Party on subjects like favoring strong ties with Western Europe and the United States, and on civil-human rights issues[25]. Similarly, former APL members who wanted to establish a European type social democratic party and distance themselves from the APL policies formed the Social Democratic Party of Albania (SDP). In this period some other parties were also introduced to the Albania's political life, such as the Ecology Party, the Agrarian Party, the National Unity Party. These small parties later participated by new others

[25] Pano, op. cit., p. 308.

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have been occupying minor space in the political arena. They have been trying to exploit the political deadlocks in the way of turning their weakness by bargaining especially during the coalition formation processes and elections which are indirectly proportional to their representation capacities that appear as the result of the elections.

In the political environment that has been shaped by the two leading parties, the remaining bunch of parties had to opt to joining right and left alliances in order to secure their participation in the political processes by getting the right to be represented in the parliament. Apart from their roles in broadening the support bases of the governments, small parties have been playing marginal roles, except during the crises, in the politics of Albania since the transition to a multi-party pluralist political system.

Among all the newly established parties, one party differed from the others with its political task and support base. The Democratic Union of the Greek Minority or OMONIA (Omonia), was formed by the ethnic Greek minority, which is mainly concentrated in the southern Albania districts like Saranda and Gjirokaster which are adjacent to the Greek border. The ethnic Greek minority comprising the support base of this political movement has as its purpose the protecting of rights and helping the preservation of the cultural identity of this minority.

Just three months after the decision of allowing a multi-party system to be established, Alia declared the time set for the first multi-party elections as February 10, 1991. The time period was too short for the new parties to finalize their establishment and to organize within the country without the necessary financial sources apart from the limited funding provided by the state in their formation process. The APL had tried to guarantee a victory by catching the newly formed parties unprepared for the elections, and in this way legitimize its rule and existence in the country as the main and indispensable actor of the politics in the post-communist era. Not until January 5, 1991, were materials allowed to be published freely in the country and the country's first opposition newspaper, the Democratic Party's newspaper *Rilindja Demokratike,* began to be published in limited numbers, and with a circulation, which was under the control of the government basically limited with the urban centers. It therefore had an inadequate impact on society for conveying the ideas of the opposition before the elections. Although the APL had

planned to hold the elections as early as possible, Alia could not resist the demands of the opposition for the postponement and rescheduled the elections for the March 31,1991.

Popular unrest and the people's demands for more freedom and economic recovery intensified the street demonstrations, which were turning into violent clashes between the security forces and the people. The government was losing its control over the developments day by day as the number of participants and the regions where the violent demonstrations occurred increased. People who were in desperate conditions and not hopeful about the developments were trying to leave the country in every means like, the ethnic Greeks living in the south, who were crossing the border in masses to settle in Greece. Port cities were also filled with people who had rushed there in order to find a boat to drop them to Italy.

The tension reached its peak when the students and professors in Tirana University started a demonstration with the demands of taking out the "compulsory study of Marxist-Leninist theory from the curriculum, ending military training and finally removal Hoxha's name from the title of the Tirana University"[26]. The protesters' demands were rejected and students and the academicians turned their demonstration into a hunger strike. The hunger strike gathered sympathy and the support of the public. People gathered in the streets of Tirana and other cities to show their solidarity with the students. On February 20, 1991 students began to march to Tirana's Skenderbeg Square, the center of the city. Students, calculating the public support, appeared during their demonstrations and the high level of unrest in the society made a very important move. More than 100,000 people gathered in Skenderbeg Square and toppled Enver Hoxha's statue. Despite some clashes between the demonstrators and the security forces, the communist leadership did not resort to brutal violence in order to prevent the pulling down of the Hoxha's statue, such violence could pave the way for the Rumanian type anarchical developments in the country. Following the suit people downed Hoxha's statues in some other towns like Durres and Korce.

[26] Vickers and Pettifer, op. cit., p. 47.

After the incident Alia declared Presidential rule and a Presidential Council was established to govern the country and Fatos Nano[27] was appointed as the new prime minister of the new cabinet. Alia aimed both the anti-communist demonstrators and the hardliner communists within the APL and the administration especially on the top level who could quickly destabilize the country. In fact, for quite some time there were rumors about possible *coup d'etat* attempts by both anti-communists and communists. Some of the students and the young activists within the Democratic Party supported the idea of forcing the circumstances and creating the environment conducive to take over the control of the country by force while Berisha and the leading cadre of the Democratic Party were not enthusiastic to take the risk of establishing a *coup d'etat* for coming to power[28]. On the other side, the conservative hardliner communists tried to react within the state and in the society by establishing organizations like the Commission for the Defense of the Homeland, Voluntary Activist Unions expressing loyalty to Hoxha's ideology and demonstrating especially in the southern towns of the country where the communists had strongholds[29]. Also there were claims about the army's disturbances and soldiers' intention of a possible military intervention. After the toppling of Hoxha's statue, army officers stated their disappointment with the government's weakness in preventing the incident and anti-communist movements. Despite strong reactions from the party, army and the security forces, Alia skillfully handled the crisis and prevented any intervention by giving assurances to these cadres about the preservation of Hoxha's principles and the regime. By making changes in the government Alia also relaxed the APL and the opposition about the developments. Alia personally benefited from this crisis as he had the chance to present himself as "the only person who is capable of guiding the country through a difficult transitional period"[30].

Before the elections in early March 1991, a new wave of refugees, amounting to around 20,000, sailed to Italy from the ports of Durres and Vlora. Scenes of desperate Albanians landing in the Italian town of Brindisi and of the ones who were hindered by the Italian Navy before reaching the ports in every kind of vessels, were

[27] At that time Fatos Nano was one of the leading reformist economists of the APL favouring controlled reforms and transition of the country with the guidance of the APL.
[28] Ibid., p. 46.
[29] Vickers, op. cit., p. 220.
[30] Hall, op. cit., p. 175.

broadcasted all around the world. Italians provided little help to the Albanians, with the aim of sending them back as soon as possible. After some time the Italian government chose to make a deal by repatriating only a few number of the Albanians in exchange for the Albanian government's assurance of preventing more people reaching the ports and of taking the necessary measures to present further refugee flow from Albania[31].

In this tense period that Albania was experiencing, the country and the political parties were preparing for elections. The APL had an open advantage against the opposition parties as it could benefit all means of the state apparatus in the conduct of their election campaign particularly the state controlled media. The APL played on ordinary people's fears of change, instability and about the future. Defending the slow transition from a centralized economy to a market economy and promising the people an increase in their life standards in this process, the APL offered a smooth transition and change to the Albanians. The APL focused its attention on the conservative rural electorate mainly the peasants who were not well informed about the developments in the country and about the programs of the opposition parties, which were not capable of conveying their ideas to these people with their limited organizations.

Compared with the APL, the Democratic Party came up with a very radical program for rapid transition in all parts of social, politic and economic life of the Albanians. This promise of drastic change was perceived with suspicion by some parts of the society. Especially the economic program of the Democrats was approached with caution because it was targeting the transformation of the centrally planned economy into an institutionalized market one based on the implementation of a shock therapy program. This was to be initiated by the party's main economic policy maker, Gramoz Pashko, and was designed to take the necessary steps in order to realize a total restructuring of the economy, and revise the existing legislation to attract foreign capital to invest in the country and for providing the necessary technology and modernization to the industry and other sectors[32]. Pashko also called for the abolition of the state subsidy, for overall privatization of the land and for opening of the lands to the ownership of foreign investors, which caused a reaction

[31] Vickers, op. cit., p. 221.
[32] Biberaj, 1999, op. cit., pp. 98-9.

from the peasants. Then he had to revise his position by stating that the land would not be sold to the foreigners but would be divided among the peasants. The Democratic Party also declared that they were promised economic aid by the United States and the international financial institutions. The Democrats also emphasized their commitment to transform the country's politics, economy and society and raise them to the Western standards by giving special reference to the respect to the civil and human rights, institutionalization of the rule of law, the functioning of the free market as the main priorities of their party. The Democrats made an extra emphasis on the European Union and the United States in this process as major partners and examples for them[33].

Other parties had a minor impact on politics during the election process which was basically a competition between the APL and the DP. The Republicans appeared to have similar approaches with the Democrats but with slight differences in terms of their policies. The main difference between the two was on the implementation of the policies. The Republicans adopted a gradual approach contrary to the Democrats' rapid transition idea. The Ecology Party tried to put forward environmental issues, which did not catch the attention of the people, who were suffering from economic difficulties. The Agrarian Party was aiming to get support from the rural voters by promising improvement in agricultural conditions. Omonia stressed the protection of minority rights, clearly addressing to the Greek minority votes, to represent them in the parliament. The Veterans' Committee, representing the veterans of WWII and the partisan war, and which was politically close to the APL, was also running for the elections.

The parliamentary elections were held on March 31st, April 7th and 14th of 1991 and international observers followed the election process. Albanians participated in this election with a turnout rate of 98.92 per cent, which was

[33] This attitude of the Democratic Party to the European Union and the United States from the beginning is reflected by the existence of their flags near the Albanian and Democratic Party flags in the party center. These flags could be observed in different occasions like press conferences of the DP chairman and members of the party or in the party rallies. This phenomenon is not unique to the Democrats, in time other parties also began to use these symbols as a show of their commitment of western values and system represented by these flags. This reflects a different aspect of the newly flourishing democracy which feels the need of direct assistance from abroad and implies the vulnerability of the country's political, economic systems in need of reemphasizing of the destination of the country decided as the West and its standards.

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remarkably high[34]. Results showed a clear victory for the APL. The APL got 169 seats with 56.17 per cent of the votes, the DP won 30 seats with 38.71 per cent, Omonia had 5 seats with 0.73 percent, and the Veteran's Committee get 1 seat with 0.28 percent vote[35]. Despite having 1.47 per cent vote and becoming the third party in the elections, the Republican Party could not get a seat in the parliament. The Agrarian and Ecology parties got a negligible number of votes. The representation in the parliament was the APL 67.6 per cent (a sufficient two-thirds majority), the DP 30 per cent, Omonia 2 per cent, and the Veterans Committee 0.4 percent of the seats[36].

The election system was based on the majority system rather than a proportional one and this was stated as one of the main reasons for the APL's winning of the elections and getting a clear majority in the parliament. The elections signified a clear distinction of the support bases of the parties. The APL got the majority of its support from the rural areas whereas the DP was relatively dominant in the urban centers. The APL's strategy of playing on the fear of transition in the rural areas, and the DP's land privatization and land distribution policies paid off[37]. Strong support from the Tosks of the south, who have been traditionally communist sympathizers, eased the electoral victory for the APL[38].

The results of the elections also gave clues about the general shaping of post-communist politics in Albania. The Republican Party failed to attract votes from the APL and DP bases and it appeared that a third party, strong enough to challenge and to be an alternative to the pillars of politics in Albania, could not emerge. Despite the existence of other parties, two parties appear to dominate the politics in the country. Although it is not a strictly bipolar system impact of the other parties on the political processes is minor. The supremacy of one party in the parliament, while neglecting the other in the legislation and execution processes, and with the other's uncooperative approach due to exclusion and protest of the ruling party began to shape the daily politics.

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[34] "Participation in the elections for the deputies to Albania's People's assembly, 1945-1987" in the Table 6.2 Source: KPS, 19889, p.29 in Hall, op. cit., p. 178

[35] Pano, op. cit., p. 331, Table 8.1, Parliamentary Elections in Albania, 1991, Source: Zeri i Rilinse, April 20, 1991.

[36] Ibid. Interestingly the results of the election became a humiliation for the Ramiz Alia since he could not achieve to get a seat in the parliament despite the APL's success in the elections.

[37] Vickers and Pettifer, op. cit., p. 58.

[38] Ibid.

On the morrow of the elections on April 2, 1991, riots related to the claims of irregularities and fraud broke out in Shkoder. The administration reacted harshly and the security forces shot four demonstrators dead while injuring many others. The Democratic Party protested the killings, demanded an investigation of the incidents, and boycotted the opening session of the parliament. Starting with this incident at the very first summoning of the parliament, the act of boycotting the parliament became a political exercise and a tool in the Albanian politics that political parties resort. Boycotts applied with the purpose of protest or delegitimize the government and the parliament decisions, reflect the immature nature of democratic tradition in Albania. Later the Democrats participated in the second session of the parliament after getting the promise of investigation and bringing those responsible to the justice.

In the government formation process, Alia's proposal of establishing a "national salvation coalition government" was rejected by the Democrats, who did not want to associate themselves with the communists and the strong possibility of resistance to the reforms that would be initiated by the caretaker government from the conservatives within the APL which could cause the failure of the reforms and might harm the reformist image of the Democratic Party.

The priority of the parliament was handling the issue of adopting a new constitution and the election of a president to the country. The prevalent constitution was Hoxha's constitution, promulgated in 1976, which had only had a few amendments since then. Although there was a draft constitution that the APL had been working on since the end of one party rule, the opposition did not favour the proposal, as it was not a draft containing the provisions suggesting a clear-cut break with the old regime. As there was an imminent need for a basic legislation for the country, all parties agreed on an interim solution of a temporary constitution called the "Law on the Main Constitutional Provisions"[39] which was approved by the parliament on April 29, 1991. With this provisional constitution, the official name of the country was changed from the "People's Republic of Socialist Albania" to "The Republic of Albania." Under the general provisions, it was declared that the Republic of Albania is a parliamentary republic based on rule of law, which guarantees human and civil rights of its citizens. The provisions also stated the separation of judicial,

[39] Constitutional Laws of the Republic of Albania, April 29, 1991, http://www.tirana.al:80/minjash/strukt.htm.

executive and legislative powers. Provisions were made in reference to the protection of the rights of the minorities and describing the Republic as a secular one. Although the Constitutional Provisions were not very extensive, it was a major legal step toward regulating the transition to a democracy by leaving the totalitarian past behind.

The constitutionality and the adopting of a democratic constitution has the utmost priority in the process of institutionalization of democracy in a transitioning country with limited experience of democracy as was the case in Albania. Although there was an urgent need for a full-fledged democratic constitution, the Albanian parliament, due to differences in approaches and political disputes, could not handle adopting a new constitution for a long time, which hindered the development of democratic institutions and practices and democracy in general.

Secondly, the parliament elected Ramiz Alia to be the first President of the Republic of Albania with the majority of votes, while all the opposition parties abstained. Alia resigned from all his posts in the APL to become the president in accordance with the new constitutional arrangements. On May 4, 1991 Alia assigned Fatos Nano to form the new government. Nano established the new government and announced his program based on the reforms concerning transition to the market economy. A few days later, after the termination of a period of a no-strike agreement, the newly formed Independent Trade Unions of Albania launched a general strike. Although the Nano government had started privatization attempts, the general state of the economy was deteriorating. The downward trend and the worsening of the economy accelerated as the production got to the point of standstill due to the strikes.

In the meanwhile, as the new government was trying to consolidate its rule, the APL, which had just lost its solitary hold on power, held its tenth congress on June 10, 1991. The congress, contrary to expectations, turned into a self-criticism platform and a reassessment of the past of the APL. Even some of the hardliners criticized the Hoxha era and some of his policies. At the end of the congress, the party had some important changes, starting from its name becoming the Albanian Socialist Party (SP). The party reoriented itself along the line of the European type social democratic parties by excluding Marxist-Leninist principles from the party program. The Socialist Party also expressed its commitment to a transition to a market economy in a gradual way. The congress reorganized the party structure by

abolishing the politburo and creating a steering committee. Fatos Nano was elected to be the first chairman of the party.

The Nano government did not have the capacity either economically or politically, nor the support of the people to keep them in power. In the economic realm, due to the lack of funding which did not provide by the international monetary institutions and the individual states due to the fact that the new government was perceived as the continuation of the past communist government. In the political realm, even though the new government had the legislative majority, it turned out to be useless as the new government was not seen as a uniting factor, which could overcome the difficulties of the change, due to its communist reputation. Since the APL's popular support bases were in the rural areas and the strikers were urban-based workers, on whom new government had no visible influence, the strike hit the Nano government hard and forced him to step down on July 4, 1991.

After the resignation of the Fatos Nano government, with the participation of all parties, a "government of national stability" was established for an interim period. Ylli Bufi, the former minister of food was appointed on July 5, 1991 to lead the coalition government and the government was soon formed. The composition of the coalition was under the lead of the APL with 12 representatives having the strategic ministries like Ministry of Foreign Affairs and Ministry of Public Order, while the Democratic Party, 7 representatives, took control of the economy, by leading the Ministries of Economy and Finance. Apart from the two major parties, 5 posts were distributed among the Republican, Social Democratic and Agrarian Parties. For the creation of a broad consensus over the government, even the parties which were not represented in the parliament were included in the new national government. As a sign of the impartiality and the parties assurance of their sincerity of assistance in the formation of the care-taker national government, all of the members of this government resigned from their right of running for the elections that would take place after the coalition's mission concluded.

The establishment of this coalition government was literally the manifestation of the end of the one party communist rule in Albania. The Democrat's acceptance to participate to the national government was perceived as a political risk for the party, as the party would be sharing responsibility for the possible failure of the measures to be taken the new government and moreover, since their representatives would be

in control of the economy, in case of further economic collapse, they would be directly liable and would lose prestige. There were two rationales that were put forward by the Democratic Party leadership in their explanation of why they chose to participate in the coalition. First, the Democrats claimed that their participation was crucial in terms of "preventing emergence of a state of anarchy in the society" which would hinder the democratic transition and second, they argued that their purpose of "forestalling of a possible imposition of state of emergency by Alia or a military intervention to seize the power" seemed unlikely at that particular time[40].

The government started the job with ending the general strike, in order to reactivate the economy. There was a need for a rapid initiation of economic measures, however the government was not reflecting an image of stability to the people, who were desperate with the lack of sufficient income and basic needs, and to the foreign investors and donors looking for political stability and financial efficiency.

The necessary legal arrangements were made for land privatization issue and the distribution of land to the peasants to stimulate an increase in production in the agricultural sector. But the land privatization issue continued to be a very problematic issue with the property rights of the previous owners. As all private lands had been expropriated after the communist take over, the owners of the lands or their heirs were coming up with demands of getting back the lands confiscated by communist rule. What made the issue more complicated than the demands was the state of the people who had been settled to the lands after that had been taken under the jurisdiction of the government. There were also problems about land registration certificates to prove the ownership of the lands. People who claimed the ownership of the lands were demanding either return of the land or a compensation of their properties. Compensation was also a controversial issue not only because the government did not possess the necessary funds to reimburse it but also the inexistence of criteria set to determine the value of the lands, which would be used for the state's plan to distribute new lands in exchange for the confiscated ones. The confusion and the lack of state authority culminated in the people's taking control into their hands in the countryside and the peasants seizing the lands and livestock[41].

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[40] Biberaj, 1999, op. cit., p. 115.
[41] Ibid., p. 117.

Since there was not any project for a land reform and initiation of the land privatization and later privatization of the agricultural sector without proper preparations caused important problems contributing to the chaotic atmosphere in the country[42].

On the financial realm, the government's main remaining option to stabilize the country was to get immediate foreign aid from the international community. The government appealed to the European Community and the United States to provide urgent humanitarian and economic aid mainly to import the vital food supplies. Finally the G-24 provided aid worth US$ 150 million in September 1991. Albania agreed with Italy, which would be in charge of the distribution of the humanitarian aid in the country, on the framework of the assistance.

Italian troops were deployed to the Albanian port towns of Durres and Vlore for the conduction of distribution of the humanitarian aid under the name of "Operation Pelican". Although this operation provided some relief, it was not to be sufficient to end the public unrest. The food shortages became permanent and despite the international aid, the new government could not improve the general condition of the people. This caused an intensification of public unrest and of violence in the society.

The political arena was shaped by the Democratic Party's criticisms, Sali Berisha's in particular, to the government and related to the critical approach to the government, and the divergence of views and political rivalry within the Democratic Party between Berisha and his opponents. Berisha and other anti-communists were favoured pushing the limits to come to the power. Berisha criticized the communist elements and the APL for hindering the democratization of the country and the government for not preventing this. Taking the Republican and the Social Democratic parties and the Union of Independent Trade Unions to his side, Berisha declared a statement, demanding dissolution of the notorious secret service, Sigurumi, the depoliticization of the state bureaucracy, the bringing of the responsible for the killings in the April riots to justice, the removal of communist symbols, compensation for political prisoners, the replacement of the directors of the radio, and television and the trial of the former politburo members and of Hoxha's

[42] The National Privatization Agency established later to supervise the privatization in Albania starting the job with the small-scale service enterprises and the shops.

widow, Nexmije[43]. Berisha's opponents in the DP, Gramoz Pashko and the DP's vice-president Neritan Ceka, opposed criticisms and expressed their support for the government. They criticized Berisha of acting in accordance for his own self-political interest. Berisha persuaded his party and the Republicans after the dismissal of three ministers following their criticism of the government by Bufi to withdraw from the government, despite the resistance of his opponents. The Bufi government resigned on December 6, 1991. Berisha taking all the political risks and the opposition within the Democratic Party, provided the popular support for his decision of ending the coalition government, got out of the crisis by strengthening his position in the Democratic Party.

The interim government tried to handle the urgent problems of Albania without having the necessary political support and the financial resources. Despite some attempts for liberalizing the economy, the economic situation further deteriorated, due to the fact that the state had neither the necessary infrastructure and institutions nor the commitment or the capable cadres to handle the transition. Moreover, the desperate people trying to survive were not in a position to help the government; on the contrary, perceiving a worsening in their conditions instead of an improvement, they increased their riots against the state[44]. Limited successes in the opening to the world, like accession to the Conference on Security and Cooperation in Europe (CSCE), participating the European Bank for Reconstruction and Development (EBRD) and beginning to receive international aid assistance, were neglected in the very critical circumstance that Albania was passing through. Alia set the date for the elections as the March 22, 1992 and proposed an independent technocrats government with a new Prime Minister, Vilson Ahmeti in order to get the country to the elections.

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[43] Biberaj, 1999, op. cit., p. 121 and Pano, op. cit., p. 317. Nexmije Hoxha and some other leaders of the APL were arrested later and charged with the corruption. Vickers and Pettifer, op. cit., pp. 73-4.

[44] In the transition process of Albania people from time to time exposed their reaction to the rule-government which were identified in the social perceptions of the people with the state. People destroyed public assets like schools, factories, police stations and other public buildings and vandalism became a way of expression of public response to the state.

III.C Time of the Democrats: Reproduction of the Authoritarian Rule

The 1992 election campaign and the mood of the Albanians were different than the previous election environment. The opposition parties were both mentally and materially better equipped for the elections. The experience of the previous elections and more familiarity with the multi-party political system eased the parties' preparation for the elections. Parties gained a more equitable use of the media and had more opportunity to reach the voters as they had enough time to rally and convey their political messages to the people. People were in an enthusiastic mood as this election, unlike the first multi-party election, which was held in a short time without the consolidation of the political parties, allowed participation of the people to the campaign and also in the new election the variety of the political parties was also increased. Political parties holding rallies and public gatherings caused them to experience a lively political atmosphere.

Before the elections, political parties worked together on and prepared a new electoral law. The new electoral system was based on a mixed system including both majority and proportional representation system, with a four per cent threshold. With the new law, the districts were rearranged and the number of the parliamentarians reduced to 140, of which 100 seats would be filled by single-member constituencies, whereas the remaining 40 would be distributed in accordance with the parties' proportion of the votes cast[45]. One of the newly made arrangements was the provision banning regionally or ethnically or religiously oriented political parties from politics and running for the elections. It was Omonia that was specifically at the target of the provision, due to rising nationalist sentiments in the country which were being fed by the statements of the some of the members of the Omonia since the party was in favour of separatism. After the banning of Omonia from running in the elections, ethnic Greeks established a new party called the Union for Human Rights Party. There were eleven parties eligible for running the elections. The parties running for the elections were; the Agrarian, the Communist, the Democratic, the Democratic Christian, the Ecological, the Popular Alliance, the Republican, the Social Democratic, the Socialist, the Union for Human Rights and the Universal Parties.

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[45] Clunies-Ross and Sudar, op. cit., p. 61.

The Democratic Party based their promises on the initiation of rapid economic and political reforms in the country. Stressing Albania's integration to Europe was one of the important bases of the election campaign. In addition to this, the Democrats promised the restoration of law and order, the depolitization of the army and the security forces, compensation for the confiscated property, creating a free market and completing the privatization process[46].

The Democrats organized a very active campaign. The Albanian communities living abroad supported the Democratic Party and provided financial resources for the funding of the campaign. The charismatic leader of Democratic Party, Berisha, performed a very successful campaign, and especially his speeches given during the rallies became very influential. The Democrats, with their reformist image, were much more successful in the public relations than their socialist rivals, who were suffering from the burden of the past, and from the APL's heritage. Berisha promised rapid economic recovery and prosperity with the application of shock therapy. The Democrats claimed that when they come to the power, there would be an influx of foreign capital and investment to the country with foreign aid as well. The Democratic Party conveyed the massage that they were promised by the foreigners about the flowing of the capital to the country.

People who were vary of the old governments and were looking for a change and were influenced by the promises of the Democrats, namely, anti-communists, former political prisoners, urban workers, students and intellectuals, were joined by the newly urbanized people in constituting the power bases of the Democratic Party. The composition of the voters swiftly changed, as there was a huge internal migration from rural to urban centers, causing a rapid increase in the populations of the cities. The major reason for the migration was the unemployment issue. Towns were filled with unemployed people and the promises for new jobs and increases in the wages were very attractive for these people.

The Democratic Party also had taken the open support of the Americans, which strengthened its image that was supposed to bring foreign economic support for the country. Even the United States' ambassador to Tirana, William Ryerson, publicly expressed support for the new Albania and personally attended public rallies

[46] Biberaj, 1999, op. cit., pp. 131-2.

of the Democratic Party [47]. In addition to the Albanian Diaspora, the Kosovar Albanian leadership also mentioned their support for the Democratic Party's coming to power in Albania.

Contrary to the lively campaign of the Democrats, the Socialists were holding a relatively low profile campaign with less public gatherings. The Socialists concentrated their campaign on stressing their difference from the APL and tried to a prove distinction of their new character from the APL's approaches. But it was not very possible to break up with the past by at least taking into account the fact that most of the APL cadres were still continuing their political life in the Socialist Party. Only the Italians seemed to support the Socialists against to the Democratic Party's too enthusiastic pro-American stance[48].

The elections were held on March 22, 1992, and shifted the political power from one side to another. The political balances turned upside down as the Democrats jumped to almost two-thirds majority while the Socialists' representation in the parliament drastically fell. According to the final results of the elections the Democratic Party got 62.08 per cent of the votes against the Socialist Party's 25.70 per cent, and the Social Democratic Party's 4.30 per cent. The Union For Human Rights got 2.90 per cent, the Republican Party 3.11 per cent, and others' 1.8 per cent of the votes. In the parliament, the Democratic Party represented by 92 deputies (65.71 per cent), the Socialist Party by 38 (27.14 per cent), the Social Democratic Party 7 (5 per cent), the Union for Democratic Rights 2 (1.43 per cent) and the Republican Party 1 deputy (0.71 per cent)[49]. The turnout of the election decreased to 90.35 per cent, signifying a falling participation to the democratic process.

Following the elections, Alia resigned from his post of presidency and on April 6, 1992 the new parliament elected Sali Berisha as the new President of Albania. In the following week, on April 13,1992 with the establishment of the new government by Aleksander Meksi, a new era started for Albanian politics. The cabinet consisted of fourteen Democrat, two independent, one Social Democrat and one Republican ministers seemingly sharing the political accountibility.

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[47] Vickers and Pettifer, op. cit., pp. 79-80.
[48] Biberaj, 1999, op. cit., p. 136.
[49] Ibid., p. 137, Table 4.1, Albania's 1992 Parliamentary Elections, Source: *Fletorja Zyrtare e Republikes se Shqiperise* [The Official Gazette of Republic of Albania], no. 2 (May 1992), p. 99.

The Democrat Party's coming to power signified the end of communist rule in the country. Step by step the communists had lost their power and had finally left their post in governance and became opposition. The Democrats had almost the optimal result from the elections and the atmosphere was conducive to realizing the changes and the reforms that they were planning. There were major economic and political problems inherited from communist rule and the current transition, and they had the willingness and political power to deal with them. There was a good opportunity before the Democrats for the establishment of a properly functioning democracy and institutions, and improvement of the parliamentary system. There was also public support for the reforms and change. It was a good chance for breaking with the country's authoritarian past, which might also have contributed, to social integration and the unification of society by emphasizing democratic values and civil rights and liberties.

In the post election period, Berisha, despite his election promises not to pursue a policy of revanchism against the communists, felt the pressure of former political prisoners and rightist, anti-communist forces in the Democratic Party, and adopted policies of bringing former communist officials to court for crimes committed during communist rule. He did this at the expense of creating a stable political agenda and political relations. In his effort to eliminate political opponents of the Democratic Party, Berisha missed an important opportunity to build social consensus, national reconciliation and internal peace, which was desperately needed. Berisha's policy was not only unwise but it also fueled social tension and strained relations in the political arena thereby contributing to the perpetuation of revanchism.

The short sighted policies of Berisha would soon be reflected in the forthcoming local elections of July 26, 1992, the Democratic Party's votes decreased to 43.25 per cent while the Socialists made remarkable gains and reached 40.91 per cent[50]. The turnout fell to 70.5 per cent. The Socialists gained more administrations but the Democrats kept their dominance in the big cities. Why did the electoral attitudes shift four months after the general elections? Some attributed the loss for votes on the Democrats part to the low turnout[51]. It is hard to link the increase in the Socialist Party's votes to the efficiency of the Socialists' opposition. Elez Biberaj

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[50] Pano, op. cit., p. 323, Table 8.3, Local Elections in Albania, 1992, Source: *Koha Jone*, August 10, 1992.
[51] Hall, op. cit., p. 178.

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explains the results with the public reaction to the raising of consumer prices by the government just before the elections as a part of the stabilization program[52]. The turmoil in the DP, particularly differing views of the liberals and the the right wing groups within the DP, over the issues of bringing the communists before the court and the speed of shock thrapy let to further uncertainties for the future. Besides, the result of the 1992 local elections reflected the shaky ground of politics and instable voter behaviour in Albania.

Berisha's attitudes against the communists strengthened the rightist's influence in the party and this development caused the liberals of the party to leave. Berisha was criticized by his opponents for alienating the liberals, mainly the intellectuals and the students who were very active in the Democratic Party's coming to power. Gramoz Pashko, Neritan Ceka and some other members of the Democratic Party, criticizing the rightist tendencies, resigned and formed the Democratic Alliance Party (DA) in August 1992.

Ramiz Alia was first put under house arrest on September 1992, charged with "misusing the state funds and abuse of power". He was then sentenced to nine years of prison in July 1994, a sentence later reduced to eight and five years with successive appeals. He was finally released by July 1995, while Nexmije Hoxha on the contrary, was sentenced first to nine and then increasing the eleven years in the appeal period, on charges of misappropriating money[53]. In this process of purges, in addition to some other communist ministers, the interim non-party Prime Minister Vilson Ahmeti was also charged with abuse of power and sentenced to two years' imprisonment[54]. Similarly the Socialist Party leader Fatos Nano, was arrested on July 1993 and sentenced to twelve years on charges of misappropriation of funds during his premiership in 1991.

As the economic reforms hit the society hard, Berisha began to use the purges to diver the agenda from economic difficulties to political confrontation. This is, in turn, would undermine beliefs in democracy.

Berisha's personal imprint was apparent on the policies of the DP government. He was increasingly showing autocratic leadership in politics and

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[52] Biberaj, 1999, op. cit., p.155.
[53] Clunies-Ross and Sudar, op. cit., p. 64.
[54] Ibid., p. 66.

governance. Berisha was becoming the new representative of the traditional authoritarianism in Albania.

Berisha tried to expand the boundaries of his power, which he had been already exercising extensively in the decision making process of the country, by proposing the broadening of presidential authority in the Democratic Party's newly proposed constitution which was paving the way for a presidential political system. Berisha was not happy with the functioning of the administration thus trying to get more power to personally direct the country. For him the state must be governed with a strong leadership, which would easily adopt the necessary policies of the transition process of Albania that was hindered by the weak and ineffective structure of the Albanian state. The opposition parties resisted the adoptation of a presidential system or of broadening the executive power of the president. Taking into account that it was not possible to pass the Democratic Party's draft of new constitution due to lack of two-thirds majority of the Democratic Party group in the parliament, Berisha opted for bringing the draft to the voting of the public with a referendum. Berisha lobbied aggressively for the draft and even called it "his constitution"[55]. The draft constitution was rejected in a referendum on November 6, 1994 with 53.9 per cent of votes against it[56]. The political parties' uncompromising attitudes in the drafting process of a new constitution hindered the legitimatising of the democratic regime based on a comprehensive and functional constitution.

The concentration of political power in the hands of Berisha and the domination of the president as the major decision maker hampered the functioning of the country's executive body. The government's influence and legitimacy began to be questioned. Under this circumstance the government was giving the impression of working as the president's executive organ. All of these contributed to the perpetuation of authoritarian rule.

The lack of a regulative constitutional structure based on political consensus was an important impediment to the instituonalization of the separation of powers in the country. In the post-communist era, the dominance of executive over legislative and judiciary powers was an important problem for the development of the

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[55] Goldman, op. cit., p.70.

[56] The referendum completed with 84.43 per cent turnout rate, of which 53.9 per cent of the votes against and 41.7 per cent in favour. R. East and J. Pontin, Revolution and Change in Central and Eastern Europe, (Pinter: London, 1997), p. 227.

democratic regime in the country. Not only the comprehensive laws but also the effective means to impose them are needed for the stability of democracy. Free and independent judges, prosecutors and lawyers are essential for the proper functioning of a law system assuring trust to the people, encouraging them to respect the rules and regulations that they are abide by. As an indispensable part of the public trust to the democratic system, unbiased and non-political law enforcement was also needed for the settlement of law and order in society. The Berisha administration and the DP government were far from preparing a ground for initiating the democratic rule.

The Democratic Party and President Berisha were harshly criticized for their intended and actual interference in the judicial processes of the country especially for the changes in the judicial system and the judicial cadres. Although there was an imminent need for a change in the mentality, system and cadres of the judiciary, the way it was handled by the government was basically using this opportunity for political advantages. As the judicial system could not be depoliticized, the legitimacy of the judiciary remained in question.

In September 1995, the Albanian parliament passed a law influencing the overall political scene. "The Law on Genocide and Crimes against Humanity Committed During the Communist Regime in Albania for Political, Ideological and Religious Motives" covered the members of the APL who served in the decision-making and high government positions during communist rule were banned from holding public and government positions until the year 2002[57]. This law was followed by another which was enacted in November 1995 called "The Law on Verification of Moral Character of Officials and Other Persons Connected with the Protection of the Democratic State"[58], which created a commission responsible for opening up the Sigurimi files and verifying the public figures' past records kept by the communists. Some of the Socialist Party leading figures including Fatos Nano and some other political parties' members were prohibited from running for the elections under the "anti-genocide law" and the "verification law"[59]. The commission eliminated more than 100 candidates including forty-five Socialists before the elections. These developments, combined with the president's dismissal of the head of the Supreme Court due to some decisions opposing certain of the government

[57] F. Abrahams, "A Tenuous Separation of Powers", Transition, vol. 2, no. 3, 1996, p. 51.
[58] Biberaj, 1999, op. cit., p. 290.
[59] M. Sullivan, "Socialists on the Campaign Trial", Transition, vol. 2, no. 10, 1996, p. 38.

exercises, increased the political tension[60]. The Constitutional Court announced some of the Supreme Court's decisions as unconstitutional and these developments culminated in further deepening of the disbelief in the judicial system. The polarization, which had existed in the political arena since the establishment of the multiparty regime, appeared clearer. Since the parties and the political leaders did not show an interest in conciliation, compromise and cooperation, Albanian politics became characterized by a series of conflictual relations. Fragmented political parties and overpersonalized politics were far from sending stability signals in the political arena.

On the way to the new elections in 1996, Albania's' general picture was not very promising. Despite the successful impression of the Albanian economy perceived by foreign economic organizations, the institutionalization of democratic culture and organizations was not successful. Indeed the social, economic and political problems of the transition were remaining on the top of the Albanian agenda waiting for progress and solution. Since the democratic institutions were not properly organized and functioning, the country could not move out of underdevelopment.

The phenomenon of foreign influence on Albania, in a different environment, with different nature was reintroduced to the Albanian politics in the post-communist era. Foreign countries like the United States and Italy, with their strategic, politic and economic interests, approached Albania, which was in need of foreign assistance. After Albania's break up with the Chinese, Albania was readopting the policy of a patron-client relationship this time with the United States.

The Democratic Party and the Berisha leadership, setting integration into Euro-Atlantic structure as Albania's ultimate goal, saw the United States as their major partner. Regarding its interests in the Balkans, the United States administration regarded Albania as a potential actor, at least an actor not to internationalize the Kosovo problem in time of ongoing war in Bosnia-Herzegovina. In return for this, the US furnished Albania with financial aid and promised much to modernize the Albanian army. This paved the way for developing a very intimate relationship between the two countries.

The American government regarded Sali Berisha as the personality who was representing liberal democratic values and market economy ideals. Due to

[60] M. Sullivan, "Tyranny in the Robes of Democracy", Transition, vol. 2, no. 3, 1996, p. 54.

supposingly his strong position in the country, Berisha was very easy to cooperate with the United States. In return for American political and economic support, which was helping him maintain power in the country, Berisha, backed the United States' policies in the region. Berisha perceived American support for him as unlimited and tried to portray himself as the only leader to cooperate in the country. Despite his "democrat" image, his anti-democratic exercises in time forced the Americans to reconsider their bold support for the Berisha leadership. The United States administration for a while turned a deaf ear on Berisha's anti-democratic applications in the country for the sake of stability in the region, which indeed hampered the introduction and development of democracy in Albania. All in all, authoritarian rule was reproduced.

CHAPTER IV

DEEPENING OF THE CRISIS, THE OUTBREAK OF RIOTS AND THE INTERNATIONAL INTERVENTION

IV.A From a Relative Stability to a Sustained Crisis

The Albanian transition in the economic realm has been one of the most painful among the ex-communist countries. Although the need for reforms had been admitted by the post-Hoxha leadership, despite small changes implemented, a full-fledged transition was only able to be launched after the relaxation of communist party rule at the very beginning of the 1990s. While the other centrally planned economies in Eastern Europe were set out on the "first wave" of reform, Albania was still dealing with the problems of its centralized system[1]. Then there were the communists' reluctant changes followed by the interim governments' policy openings for the liberalization of the economy, which laid the ground for the forthcoming shock therapy applied by the Democratic Party in 1992. Within a few years time by mid-1990s the Albanian economy shifted from one of the most centralized closed economies to a one of the fastest liberalizing one.

The strategy implemented for the economic transition of the country was the generally applied model proposed by the international financial institutions in response to the urgent needed policies for communist countries in search of a new economic system. The proposal for the economic realm was an adaptation of the free market economic model. In fact, the international organizations and the Western countries were caught unprepared for the changes and had to propose a solution for

[1] Örjan Sjöberg, "The Albanian Economy in the 1980s: Coping with a Centralized System", in Economic Change in the Balkan States: Albania, Bulgaria, Romania and Yugoslavia, edited by Örjan Sjöberg, and Michael L. Wyzan, (St. Martin Press: New York, 1991), p. 122.

the contingency. A combination of liberal democracy and market economy was offered to the countries in the wake of transition. Albania was no different example, and among those countries Albania's course during the first phases of its transition was considered to be successful[2].

The necessary room for drastic reforms could only be provided after the political changes began. In this process the liberalization of economic activities tried to be initiated. Despite the intention there were some structural and practical problems that Albania had to face in the very beginning of the economic transitional period.

First, the central planning and the guidance of the economy and the industry had to be liberalized. The burden of high subsidization of unproductive enterprises on the economy terminated in order to ease the financing of the budget and to fill the budget deficits. As the economic activities were not export oriented, there was a shortage of foreign currency for vastly needed imports.

Second, the lack of capital was another major problem of the Albanian economy in the transition period. Capital was needed not only for the financing of government spending but also for reintroduction of the private economic activities to the economy. For government finance the only possible solution appeared to be getting international assistance from abroad. The international donors were demanding an opening and liberalization of the Albanian economy in return for financial assistance.

During the communist period, all of the capital related activities were concentrated in the control of the state. The state had eliminated the capital possessing class and taken the control of all private economic activities. This provided the state to get the control of all capital produced within the country. The elimination of the historically weak capital possessing class and the termination of privately owned capital turned into a problem in the liberalization of the economy, where the private economic activities determined as to lead the country's economic life. Apart from the lack of people who could accumulate the capital in order to invest in the economy, there was a lack of profitable economic activities to lead this accumulation.

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[2] United Nations Development Program (UNDP), Human Development Report Albania 1998, (1998), p. 17.

Albania's capitalist experience and the familiarity with the market economy was very limited so the economic transition process to the liberal economy and the market system would be a basic learning process for the Albanians. In this process, the gap of entrepreneurial class and the capital needed for private economic activities would be filled by the state's attempt to promote the potential entrepreneurs by providing them the economic means to achieve capital accumulation. In order to accomplish this, the main way was to provide people businesses by privatizing state enterprises.

For the liberalization in the economy, there was also need for major changes in the economic structure by recreating institutions or introducing new institutions commensurate with the market economy and private economic activities.

After the Democratic Party's taking of power a rapid economic transition strategy for the transformation of the Albanian economy from a centralized command type economy to a liberal market economy was introduced. The DP, favouring a swift change in the economics, parallel to the promises they had made before the 1992 elections, began the implementation of radical reforms. For this purpose Albania cooperated with the international financial institutions. Albanians were provided assistance and financial support of the International Monetary Fund (IMF)[3] by signing a Stand By agreement in June 1992. The financial support and lending of the international institutions was essential for the country recovering from the negative effects of the economic crisis, which had been going on since 1990, and to reach a sustainable macroeconomic stabilization.

The government, in line with its responsibilities to the international financial institutions, began to take the necessary measures to revitalize the production, to control and bring down the highly increased inflation, and to balance the budget. The subsidies provided for the industrial and agricultural goods ended and the price system was liberalized[4].

After a series of devaluations, the foreign exchange rate liberalized and the Albanian currency, lek, was left to float in the market price. The prices of goods and services were freed except some of the prices of "essential" consumer goods such as

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[3] Albania became a member of the International Monetary Fund and World Bank on October 15, 1991.

[4] E. Biberaj, Albania in Transition: The Rocky Road to Democracy, (Westview Press: Oxford, 1999) p. 189.

food, public transport, water, fuel and power[5]. The monopoly of the state on foreign trade ended and international trade was liberalized[6]. The regulations and restrictions over the wage rates and the labour markets were removed. Changes were made for the opening of the country to foreign investment.

Following this, privatization[7], which was considered as an essential part of the economic transition to free market economy, brought to the top of the agenda. In a closed economy where almost all economic instruments were under the control of the state, the transfer of assets possessed by the state was a remarkable step for change in the country and society. From different scale enterprises to the public services, to housing and the lands a vast number and range of properties would be privatized in the privatization process. The purpose of the government in the rapid privatization attempt was "to get fresh money for the budget and new investments as well as getting rid of the state subsidies provided for the state owned enterprises to reduce the burden of these on the budget and generating income through collecting taxes from these enterprises"[8].

From 1993 to 1995 general indicators of the Albanian economy gave positive signs. At the macro level, the real GDP growth approached 10 per cent in this period from the –7.2 per cent level in 1992[9], while annual inflation, which had reached to 226 per cent in 1992, dropped to 7.7 per cent at the end of 1995[10]. The budget deficit decreased to 10.4 per cent in 1995 from 44 per cent in 1991, and similarly the external deficit fell –19.6 per cent from its level of –64 per cent in 1992[11]. This performance of the Albanian economy by following a macroeconomic stabilization program was considered as portraying an "impressive record" by the international monetary institutions[12].

Despite the general trend in the macroeconomic indicators, there was not a healthy development in the Albanian economy. The changes made for the

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[5] Anthony Cluines-Ross and Petar Sudar (eds.), Albania's Economy in Transition and Turmoil, 1990-97, (Ashgate: Aldershot, 1998), pp. 73-4.
[6] This process had begun during the APL government in February 1991.
[7] First legal regulation of privatization was with the Law 7512 adopted on August 8, 1991.
[8] Daniel Vaughan-Whitehead, Albania in Crisis: The Predictable Fall of a Shining Star, (Edward Elgar: Cheltenham, 1999), p. 151.
[9] European Bank for Reconstruction and Development (EBRD), Transition Report, (1999), p. 185.
[10] Economist Intelligence Unit (EIU), Albania Country Report 1st Quarter, (The Economist Intelligence Unit: London, 1997), p. 5.
[11] Vaughan-Whitehead, op. cit., p. 6, Table 1.1 Main Economic Indicators, 1990-96.
[12] World Bank Group Countries: Albania. http://www.worldbank.org/html/extdr/offrep/eca/al2.htm

liberalization of the Albanian economy and the establishment of a functioning market system created some deficiencies in the overall picture of Albanian economy. Especially the imbalanced distribution of the production among the sectors and a remarkable fall in industrial production, and the fundamentally ignored socioeconomic aspects of economic transition were the potential problematic parts of the economic scene. This "impressive record" was the result of drastic cuts in public spending and a sharp fall in the investments, both led to drastic increase in unemployment a deteriorating income distribution.

The political parties commitment to sustaining the reforms reached a critical point due to rising tension in the political arena and the painful reflections of the tight fiscal policies on the Albanians which caused an increasing discontent among the people through the end of 1995. 1996 was the year of elections. The polarized political parties and the leaderships were holding the political "battle" on all fronts.

IV.B The 1996 Elections and the Following Instability

The general elections were scheduled for May 26, 1996. The elections would be a test for the maturity of Albanian democracy. But taking into account the political developments since the first multiparty elections, the elections could hardly be considered as a reflection of desired progress for the institutionalization of democracy and maintenance of political stability.

Although the political arena was fragmented, the two leading parties, the DP and the SP, were dominating the politics and other political parties were far from challenging them. The parties shaped their policies around their well-known positions. The DP put forward the necessity of a continuation of the reforms without any change in its current policies. The DP portrayed themselves as the major contributor to stability in the country and the opposition as the "Red Front", making reference to the communist past[13]. President Berisha personally led the Democratic Party's campaign and toured the country. On the other hand, the opposition especially the DP's main rival, the SP, was playing on the social dissatisfaction stemming from the consequences of the rapid reform process. The Socialists was offering their alternative of a gradual transition to ease the pains of the changes. In

[13] Biberaj, op. cit., p. 292.

their strong criticisms to the DP and President Berisha, the SP and other opposition parties were stating the deficiencies of the reform process, spreading of the corruption and developing authoritarianism in the country.

The election system and the electoral districts were amended once again before the elections. The DP passed the changes made in the electoral law from the parliament with its majority without opening it to public discussion. This time the Democrats chose to play with the system in order to gain an advantage. The electoral system, which was used in 1992, was a mixture of the majority and the proportional systems. With the new law, the number of the single-member district seats increased from 100 to 115 while the seats distributed in accordance with the parties' vote proportions decreased from 40 to 25. The changes in the numbers would favour the big parties' representation and consolidation of power. The DP calculated to block a possible Socialist-small parties coalition to form a majority in the Parliament[14]. This led the small parties, which also took into account the 4 per cent threshold, to form election blocks, as was the case with the Social Democratic Party and Democratic Alliance's composition of the Center Pole bloc. In addition to this, the DP dominated parliament also gave the authority of approving the boundaries of the electoral districts to the president and arranged the composition of the 17 member Central Electoral Commission (CEC) of which 9 were nominated from the DP[15]. These changes provided the DP the chance to make arrangements to favour themselves before the elections.

The pre-election period was also problematic and as the elections approached tension increased in the political arena. The DP heavily dominated the campaign period. Opposition parties, especially the Socialists, were faced with different difficulties, like making their public gatherings in small places and facing physical attacks from Democratic Party supporters. What was observed by international organizations in the pre-elections process, like the police intimidation at the

[14] M. F. Goldman, Revolution and Change in Central and Eastern Europe: Political, Economic, and Social Challenges, (M.E. Sharpe: New York, 1997), p. 71.
[15] N. Pano, "The Process of Democratization in Albania", in Politics, Power, and the Struggle for Democracy in South-East Europe, edited by K. Dawisha and B. Parrot, (Cambridge University Press: Cambridge, 1997), p. 341.

opposition rallies and use of public means for political purposes by the party in power[16], did not conform to the universal standards.

Before the elections the United States had shown its support for the DP by inviting the Albanian Foreign Minister to Washington D.C. and sending high-level diplomats to Tirana[17], but the Americans also reflected their concerns about the antidemocratic applications of the government and stressed their sensitivity to holding free and fair elections. The Europeans were also sharing the same views about the Democratic Party government.

The May 26, 1996 elections were signified with election frauds and the following deadlock in the democratic processes in the post-election process. On the election day the SP[18], the Democratic Alliance, the Agrarian Party, the Party for National Unity, and the Party of the Democratic Right withdrew from the elections three hours before the polling ended, and the opposition members of the polling commissions left the polling stations with claims of a rigged election process[19]. They challenged the legitimacy of the elections and demanded a repeat. The Republican Party, although supporting the idea, offered new elections for the next year while the Party for the Defense of Human Rights disagreed within the party on whether to participate in the new parliament or to join the opposition[20]. The Organization for Security and Cooperation in Europe's (OSCE) Office for Democratic Institutions and Human Rights (ODIHR) which had monitored the elections, concluded in its election observation report that "...in many instances the implementation of the election law failed to meet its own criteria. More specifically, 32 articles out of 79 dealing with the pre-election period and election day violated, and in reference to the OSCE election related commitments five out of nine articles under paragraph 7 of the Copenhagen Document were not met"[21].

Following the elections, the United States, the European Union and the international organizations like the OSCE[22] began to put pressure on the Albanian

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[16] Organization for Security and Cooperation in Europe (OSCE), Office for Democratic Institutions and Human Rights (ODIHR), Observation of the Parliamentary Elections Held in the Republic of Albania May 26 and June 2, 1996, (1996), pp. 7-8. http://www.osce.org/odihr/election/alb1-2.htm.
[17] Biberaj, op. cit., p. 293.
[18] F. Morava, "Elections, legal or...", Albanian Observer, vol. 2, no. 6, 1996, p. 3.
[19] F. Schmidt, "Election Fraud Sparks Protests", Transition, vol. 2, no. 12, 1996, p. 38.
[20] Ibid.
[21] OSCE, op. cit., p. 2.
[22] G. Partos, "How to Lose Friends and Influence People", War Report, no. 43, 1996, p. 12.

government for a rerunning of the elections due to irregularities and fraud overshadowing the democratic process. The DP resisted all calls for a repeating of the elections and insisted on the free and fair character of the May 1996 elections. Berisha made only a little step back by deciding on refreshing the elections in 17 districts while the opposition insisted on a complete rerun[23]. Although the opposition tried to rise up its voice with hunger strikes and by calling for countrywide rallies, they were unsuccessful due to the security forces' harsh suppression of the protests[24].

The results gave a clear victory for the DP. With 55.53 per cent of the votes, the DP secured 122 seats (105 direct and 17 coming from proportional representation) signifying 87.1 per cent representation in the parliament; the Socialists got 20.37 per cent of the votes, had 10 seats (5 direct and 5 proportional representation), and 7.1 per cent representation, the Republicans had 5.74 per cent votes, possessed 3 seats (2 direct and 1 proportional representation) constituting 2.1 per cent representation, Balli Kombetar (National Front) with 4.97 per cent of the votes got 2 seats (1 direct and 1 proportional representation) and 1.4 per cent representation and the Union for the Protection of Human Rights had 4.04 per cent votes and 3 seats (2 direct and 1 proportional representation) reflecting 2.1 per cent representation in the Albanian Parliament[25]. President Berisha reappointed Aleksender Meksi to set up the new government.

The May 1996 elections and their aftermath, shaped by the boycott of the parliament by the opposition parties, had a deep impact on the young Albanian democracy. As a result of the election, which was perceived as a fraudulent and unfair one, the legitimacy of the new parliament came into in question both domestically and internationally. Albania gave the impression of a single party regime. After the elections, no party appeared to be the winner of the elections as everyone had lost some thing. It was generally argued that the DP would nevertheless have had a victory even if they had not resorted to fraud during the polling process. Despite the general unrest in society due to economic difficulties and the intensification of the opposition, the Democrats still preserved their dominance in the political arena. The rationale behind the DP's pushing for such a victory could be

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[23] Schmidt, op. cit., p. 38.
[24] A. Mitrushi, "Albania's Democratic Farce", War Report, no. 43, 1996, p. 13.
[25] Pano, op. cit., p. 343. Table 8.5, Parliamentarian Elections in Albania, 1996, Sources, Communiqué of Central Election Commission, June 17, 1996; Albanian Telegraphic Agency (ATA), June 21, 1996.

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related with Berisha's ambition for passing the draft constitution after securing a necessary majority in the parliament, but the political environment that appeared after the elections was not conducive to realizing that idea. The DP and Berisha were faced with an erosion of credibility in the eyes of the United States and the Europeans. Berisha had been strongly backed by the Americans and the Europeans since the beginning of his political career and losing the economic and political support of the foreign powers would not make life easier for him in all aspects of politics in the following era. On the other hand, the Socialists, by withdrawing from the elections, tried to challenge the Democrats' possible victory in the elections, and in the end opted to boycott the parliament which was a policy implemented before by the Democratic Party. In so doing, they remained out of the parliament and Socialist Party lost their means to influence the political-legislative-administrative processes. In the final analysis, the already strained and polarized politics lost almost all channels for dialogue between the two leading parties. The political antagonism and conflict further institutionalized in the political arena and the chance of political reconciliation limited.

The forthcoming local elections would be more interesting that were held on October 20, 1996. In the local elections the DP gained a clear victory by having 52.5 per cent of the votes, got representation in 58 of 64 town halls and in 268 of 308 communities, while the Socialists got 31.3 per cent of the votes, 4 town halls and 14 communities[26]. The turnout fell to 72 per cent and only the Republicans were able to exceed a 5 per cent vote while the Union for Human Rights Party got one town hall and nine communities. This election also increased the tension between the Albanian government and the OSCE. As the government did not provide accreditation to some of the ODIHR observers, the OSCE called back its observers[27]. Only the Council of Europe monitored the elections and they called the voting "essentially free and fair"[28].

After the transition to multiparty democracy, attempts for an institutionalization of pluralism in the society and a reflection of the people's will in politics could not be fully achieved considering the political tension and the

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[26] F. Schmidt, "Bolstering an Image of Democracy", Transition, vol. 2, 29 November 1996, p. 43.
[27] Ibid.
[28] F. Schmidt, "Albania's Democrats Consolidate Power", Transition, vol.3, no. 2, 2 February 1997, p. 48.

manipulation of the political processes by the politicians. On the other hand, with little motivation and political consciousness for pluralism, people could not influence the process by forcing for further progress in democracy.

IV.C Political Economy of the Approaching Crisis

Albania had to face the major challenge of its transition at the very beginning of the year 1997. In fact, the roots of the crisis could be traced back to the beginning of transition attempts in the country. In a very broad sense the crisis occurred in Albania as a culmination of the deficiencies of the overall transition process. All elements, economic, politic and social, contributed to the reaction and the result appeared as a crisis. Mainly problems of the economic transition, which were fed by political deficiencies, caused social explosions which devastated the country and resulted in chaos and social disorder.

The transition process of Albania in the post-communist era has been shaped by the reallocation of resources in the country. As the regime and the rule changed, the nature of the political and economic power changed. In the new era, a reforming political class, including the members of the old political class took the lead. In addition the unprepared political class, the lack of democratic culture and market experience in the society made the management of the transition process in Albania more difficult. The new political class in the resource reallocation process behaved in a corrupt manner and used nepotism and clientalism as a means of creating and preserving personal and group power bases within society.

In the economic realm, economic reform packages offered by the international institutions characterized by tight monetary policies, rapid liberalization and privatization to reach sustainable economic recovery and stability, created social problems like an increase in unemployment and a decrease in the incomes of the people. The "inherited weak economic foundations, a total absence of capital markets, underdeveloped institutions" and improper application of the reforms hindered the development of the Albanian economy[29].

The Albanian economy had been suffering from an acute problem of a lack of necessary capital. The pre-reform Albanian economy was very weak in terms of

[29] UNDP, op. cit., p. 20.

capital. As the political system outlawed the private economic relations and restricted the private incentive of the people, there was not accumulated private capital. The Albanian state was also lacking capital even to finance urgent requirements. One of the major priorities of the new economic administrations was to access capital. As the economy liberalized, a private sector tried to be created by privatization of state owned assets. The newly emerging private sector was in need of capital as well. The Albanian state was dependent on foreign economic aid and loans, and incapable of creating resources for the private sector. In order to get money, Albania targeted to attract foreign capital to invest in the country but in the course of time the desired foreign direct investment did not flow in the country. The direct foreign investment to Albania between 1991 and 1996 was US$ 300 million, which is equal to the average annual remittances sent by the Albanians living abroad[30].

On the state's part, because of the weak institutions, it could not create the financial resources for public finance. The major revenue source of the state, taxes and customs, could not be collected. The financial sector was also weak. The banks were too inefficient to create and activate funds for credits.

The major sources of capital entering the country were the remittances, the money gained from illegal trading and the revenues provided from illicit trade with the Socialist Federal Republic of Yugoslavia, which was under the United Nations sanctions. The remittances sent by about 400,000 Albanians working in Europe, mainly in Italy, Greece and Germany, reached an annual amount of approximately US$ 300 million, which was a remarkable amount for the Albanian economy[31]. Many Albanians were dependent on the money, sent by their relatives from abroad. It is estimated that the revenues brought to Albania by the emigrants between 1992-1996 was approximately US$ 1.6 billion. This explains the distinction between the average salary and the unmatched living standards in the society.

The Albanian mafia was making a lot of money from all kinds of illegal trade. Albania towns, especially its port cities like Vlora[32] and Durres, were en route of illicit drugs, arms and human transfer to Europe[33]. Drugs and asylum or refugee

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[30] Vaughan-Whitehead, op. cit., pp. 171-2. Table 9.1 Direct Foreign Investments, 1991-1996. Source: INSTAT.
[31] Ibid.
[32] F. Cilluffo and G. Salmoiraghi, "And the Winner is... the Albanian Mafia", The Washington Quarterly, vol. 22, no. 4, 1999, p. 24.
[33] G. Plika, "Vlora Like Palermo?", Albanian Observer, vol. 2, no. 8, 1996, p. 8.

seekers were carried to the Italian shores by small speedboats, and the Albanians gain remarkable amounts of money, which was out of the control of the government. Actually, the state apparatus and the civil servants had been also thought to be in this process, especially customs officers' and auditors' inclusion was perceived as the most likely. The low level of salaries –estimated to be US$ 21 in 1992 which only raised to US$ 64 in 1995[34]- and incomes had been paving the way for the corruption at all levels including some politicians who were believed to have links with illegal organizations.

Until the completion of the Dayton Agreement and the removal of the United Nations Sanctions, Albanians smuggled oil and other materials within the range of the sanctions to Yugoslavia via Montenegro[35]. This trade relation was also very profitable and brought important amounts of money into Albania.

There were structural problems of the Albanian economy, which could not be overcome during the transition process despite the international financial organizations' attempts for stability. The legal financial system was not functioning properly due to its deficiencies and the delayed reforms in that area so a parallel informal financial sector developed exploiting the gaps in the formal financial sector and the loopholes in the legislation. In the pre-crisis period, "the formal banking system did not function properly as a domestic financial intermediary either as a collector of savings or as a credit provider for the economic activity"[36]. In the savings realm, because of the people's general distrust, tradition of keeping "unusual proportion of their assets in cash"[37], which also caused problem of liquidity in the banking system, and three state bank owned bank's inability to attract the money caused restriction of the functioning of the banking sector. The Albanian economy was basically a "cash economy" in which most of the transactions were made with cash payments. On the credit-providing realm, because of the high rate of bad loans, the credit supply was restricted by the state. This caused a major problem due to the imbalance between the credit supply and demand sides. The private sector was looking for credits to improve their business but there was not enough credit supplied by the state owned banks. Also parallel to the tight monetary policies it became very

[34] "Albanians' Salaries at the Bottom in Europe", Albanian Observer, vol. 3, no. 7-8, 1997, p. 22.
[35] F. Schmidt, "Sleaze Spreads in Pauparized Albania", Transitions, March 1998, p. 51.
[36] Vaughan-Whitehead, op. cit., p. 69.
[37] C. Jarvis, "The Rise and Fall of the Pyramid Schemes in Albania", Working Paper of the International Monetary Fund, July 1999, p. 5.

hard to allocate new funds for the credits. These factors paved the way for the development of an informal financial sector in Albania.

The informal financial sector filled the gaps in both the savings and the credit markets. The remittances sent to Albanians and other domestic savings were seeking to be deposited with high interest rates and the private sector was ready to get credits for their investments with higher interest. In this environment "both the authorities and the foreign observers, including the IMF, regarded the informal lending companies as benign, indeed making an important contribution to growth"[38]. These lending companies were never licensed but they kept their operation in the market and were tolerated by the government.

As the banking reforms, which would open the banking sector to private banks and make the necessary arrangements for a balancing of the savings and credits in the market, were delayed for a long time and the legislation regulating the financial sector was inadequate to deal with the existing problems, the informal sector found an environment in which to develop. Some of the lending companies began to change their structure to money borrowing companies by offering relatively high interest rates. These were called "Pyramid Investment Schemes"[39].

The logic of the pyramid investment schemes was based on the idea of offering high interest for savings for short periods of time and using the new participants' money to pay back the previous participants' interest and capital. As long as the scheme gets new investors then it gets larger and larger, but after a point, which is mostly the saturation point of the participants in the market, the scheme cannot expand and this becomes the last point for pyramid investment schemes. Since they cannot pay the interest or the principal part of the investors' money, the pyramid collapses.

In the course of time, there appeared different companies in the financial sector which were basically offering high interests for the savings of the people. There were two types of pyramid investment schemes. The first type was the "pure" or the "fund pyramid" schemes which only collect and redistribute the money and the

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[38] Ibid., p. 7.

[39] For further information on the pyramid schemes see Ibid., p. 9, Box. 1, "The Dynamics of a Pyramid Scheme", ibid., p. 16, Box. 3, "Pyramid Schemes Old and New" and ibid., p. 32, Appendix I, "Life Cycle of a Pyramid Scheme".

other was the "investor pyramids" that not only collect money but also try to use them in some real investments[40].

The investor pyramids, which mostly portrayed themselves as big business firms dealing with official economic activities, indeed contributed to an extent to the development of investments in the country. They appeared to be useful in financing the Albanian economy, which lacked accumulated capital for the investments. They were perceived as the new entrepreneurs of the country and that might be one of the reasons why the government did not oppose them. The idea put forward by the bosses of the pyramid investment schemes was that they would use the money that they borrowed from the people at high interest in investing in different sectors and they would reimburse the money with the profits they would get from their investments. This may seem to make sense, however, due to the high rates of the interests, the time needed for the investments to provide profits and the limited areas of highly profitable sectors in the country, the idea proves to be invalid.

In 1996 there were a couple of vastly active fund and investment pyramid investment schemes in Albania. The largest ones were VEFA[41], Gjallica, and Kamberi[42] investing in different enterprises in different sectors, and others, the purely money collectors, Sude, Silva, Cenaj, Xhaferri and Populli. While big companies like VEFA and Gjallica were operating at the national level, the others were mostly concentrated in the wealthy towns especially in the south of the country like Populli and Xhaferri concentrated in Lushnje and Fier, and Kamberi and Cenaj were from Vlora[43] while Sude was Tirana based pyramid scheme[44]. Different sources of revenue like illicit trade or the remittances were feeding these companies. The amount of money that the pyramid companies collected was estimated as high as US$ 1.5 billion, which is remarkable amount for a very poor country.

People were enjoying investing their savings in the money lending companies. As a result of the interest competition for attracting investors' money for

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[40] C. Elbrit, 1997, "Albania: Still Under the Pyramid's Shadow", Albanian Observer, vol. 3, no. 11, p. 26. Source: "Transition-the Newsletter about Reforming Economies", vol. 8, no. 5, October 1997. Carlos Elbrit was the head of the World Bank's Resident Office in Tirana before and during the 1997 crisis.

[41] "Our Aim: Investments, Investments, Investments", Albanian Observer, vol. 2, no. 2, p. 32. "Nothing But Capitalism", Albanian Observer, vol. 2, no. 4, p. 34.

[42] "Tourism and Agro-business Together", Albanian Observer, vol. 2, no. 4, 1996, p. 31.

[43] F. Morava, "Vlora, Capital of Lending", Albanian Observer, vol. 2, no. 9, 1996 p. 8.

[44] A. Hoxha, "Why did it happen?", Albanian Observer, vol. 3, no. 3-4, 1997, p. 30.

increasing the amount of deposits started in the summer of 1996, things went out of control. A money lending mania started. Some people began to earn much more from the interests of their savings than from their salaries. Many people began to sell whatever they had, including their houses and other assets in order to invest in the pyramid investment schemes. The trend of the economy changed. In this wave of investing in pyramid schemes, even the small and medium-sized traders closed down their shops and works in order to deposit their capital with the money lending companies[45]. People got used to earning without working and spent their rents. A different kind of "rentier" economy formed. Economic activities moved to the service sector. A new pattern of consumption developed in Albania. People began to spend their money for their homes and for luxurious consumption, reaching even Western standards in the economically poor Albania[46]. These people were not aware of the fact that they were spending from their life-long savings, as the pyramid schemes were not an economically profitable activity but were rather transferring money among the Albanian people and to abroad. The rapidly spreading get-rich-quick mentality attracted almost everybody in the country. This was not only related to the social psychology of the people influenced by the popular investing behavior to the schemes but also to the immaturity of the approaches of the Albanians who were not experienced in the market economy, which they perceived as something magic making people rich overnight. The neglected social aspects of the economic transition showed itself in the way that people rushed into the schemes by investing whatever they possessed.

After the elections, the interest rate competition started. On the one hand, tight financial policy measures had been relaxed by the government before the elections but on the other hand, by the removing of the United Nations sanctions imposed on Yugoslavia, an important source of revenue had dried up. In addition, since the pyramid investment schemes had extended so much, they were in need of increasingly larger amounts of money on a permanent basis. An unrestricted race for increasing the interest rates started with the Kamberi's raising of rates over the 10

[45] British Broadcasting Corporation (BBC), Summary of World Broadcasts (SWB), Eastern Europe (EE), 2828, B/1, 28 January 1997, "Consumption Collapses alongside Moneylending", commentary by Ilir Babramo in Koha Jone on 26 January 1997.
[46] Ibid.

per cent per month in July 1996[47]. The bid for more interest accelerated the race among the pyramid schemes, which were in need of more and more capital in order to pay the previous investors, and the vicious circle was increasing its action. The investor pyramids in the "struggle for survival" practically turned into pure pyramid schemes and they had to decrease their investments because of the "high cost of the capitals"[48]. The competition of the pyramid schemes got out of control in a few months, and in September, Populli began to offer 30 per cent per month which was followed in November by Xhaferri with an offer of trebling the deposits in three months and Sude doubling the deposits in two months[49]. Between June and September of 1996, investment in the pyramid investment schemes increased geometrically. In this period the IMF and the World Bank publicized their concerns and tried to convince the Albanian government[50] to take action against the informal capital market and the pyramid investment schemes and a debate about the pyramid schemes was introduced in the agenda[51].

The time for taking effective precautions to prevent any kind of financial crisis had passed and the pyramid investment schemes were on the brink of suspending their activities. The process of crisis triggered by the Sude pyramid investment scheme's suspension of payments to its clients in November 19, 1996, was soon followed by the others. The emerging crisis entered in another phase after Sude's declaration of bankruptcy on January 15, 1997[52].

Considering the long existence and operation of the pyramid schemes in Albania it is hard not to think of a relationship between the pyramid schemes and the political circles due to the toleration showed to the pyramid schemes. Also, regarding the high amount of money concentrated in the pyramid schemes system, it is widely believed that these schemes were used for laundering money and that links existed between the political figures and the organized crime organizations. One of the major factors behind the booming of the popular investment in the schemes was "political

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[47] Jarvis, op. cit., p. 15.
[48] Hoxha, op. cit., p. 31.
[49] Jarvis, op. cit., p. 15.
[50] G. Xhudo, "What Brought Anarchy to Albania?", Janes Intelligence Review, June 1997, p. 262 and F. Schmidt, "From Anarchy to an Uncertain Stability", IJT Country Files: Albania: Annual Report 1997, 1997, http://www.ijt.cz/countries/albar97.html.
[51] G. Plika, "Is the Pyramid Scheme Dangerous?", Albanian Observer, vol. 2, no. 10, 1996, pp. 1,5.
[52] "Four Thousand Investors Protest as Moneylender Declares Bankruptcy". BBC, SWB, EE, 2820, B/1, 18 January 1997.

legitimacy"[53] which was provided by the politicians to the schemes, causing the general belief that the pyramid schemes were secure and in any case, the state would cover the losses[54].

The Democratic Party had links with the pyramid schemes. Especially, the country's largest investor pyramid scheme, VEFA, had a close relationship with the DP and supported them during the May 1996 general elections[55]. During the 1997 crisis, Voice of America claimed that the DP had been financed with US$ 50,000 from the pyramid scheme company Gjallica, and the DP had to accept this and ordered the return of the given amount to the pyramid investors[56]. Not only the DP but also the SP were also said to be associated with some of the pyramid schemes. Populli and Xhaferri were the two pyramid scheme companies referred to as financial supporters of the Socialists' election campaigns[57]. Despite the government's close relations with the pyramid schemes, even if the decision makers had an intention to intervene in the informal financial sector by following the warnings of the economy bureaucracy, the environment created following the May 1996 elections was not conducive to taking such an action. The importance of the results of the October 1996 local elections increased due to the contested general elections and the DP could not take the political risk of intervening.

IV.D Social Disorder, Riots and International Intervention

After the bankruptcies stemming from the pyramid schemes began to occur, the government tried to block the assets of the companies from using them to reimburse the investors. The government also made it clear, parallel to the international monetary institutions, that it would not introduce new money, to the market meant mean a shift in Albania's commitment to their tight stabilization program. The political leadership was far from handling the emerging crisis. In an interview just before the incidents broke out, the Prime Minister Meksi portrayed the

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[53] Vaughan-Whitehead, op. cit., p. 196.
[54] BBC, SWB, EE, 2811, B/1, 11 January 1997.
[55] F. Schmidt, "Pyramid Schemes Leave Albania on Shaky Ground", Transition, vol. 3, no. 4, 7 March 1997, p. 10.
[56] "Ruling Party Admits Receiving Funds from Pyramid Savings Firm", BBC, SWB, EE, 2854, B/1, 27 February 1997.
[57] Vaughan-Whitehead, op. cit., p. 197.

pyramid schemes as a game of usuries like lotteries where people win and lose[58]. The leadership was too late to intervene and only after the unrest began to threaten public order did they realize the importance of the issue. Since what they could do was limited, they could not manage the crisis.

After a long interruption of payments, people's suspicions increased and the Sude's bankruptcy flamed the potential unrest among the depositors. Vlora became the first site of confrontation between the people and the police forces on January 16, 1997[59]. The government's response to the deteriorating circumstances was to freeze the funds of the pyramid schemes[60] and limit money withdrawals from the banks. On January 30, 1996, Albanian Parliament passed the "Law on the Distribution of Pyramid Schemes' Assets of Foundations Operating Pyramid Schemes" which set the principles and criteria of the distribution of foundation's assets[61].

Public protests of the pyramid schemes and the government began to spread with increasing participation. In line with the popular unrest, the opposition started calling for new elections and established demonstrations to protest the government. The opposition parties effectively used the public reaction in the meetings that they organized in the investor intensive southern towns. At some point after the government's ineffective and unsatisfactory approach was perceived by the people, the nature of the protests "evolved from purely financial complaints into targeted political assaults"[62]. The protesters began to fight more often with the security forces and directed their reactions towards the Democratic Party buildings and the local government offices by setting them on fire and throwing stones.

In this process, long silent intellectuals came up with a memorandum criticizing the DP rule and President Berisha, demanding cooperation among the opposition by setting aside ideological differences, calling for free and fair elections, and recommending people to refrain from acts of destruction and to continue

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[58] Interview with Albanian Prime Minister Aleksender Meksi, "Usuries Should Lower Interests", Albanian Observer, vol. 3, no. 1, 1997, p. 8.
[59] "'Tense' Situation in Vlore as Firm Postpones Pay-out Day". BBC, SWB, EE, 2820, B/1, 18 January 1997.
[60] "Government Freezes Funds of Investment Schemes", BBC, SWB, EE, 2820, B/1, 18 January 1997.
[61] "Paper Publishes Law on the Distribution of Pyramid Schemes' Assets", BBC, SWB, EE, 2833, B/1, 3 February 1997.
[62] Gjergi Misha, "Bust-up", Albanian Observer, vol. 3, no. 2, 1997, p. 9.

uninterrupted peaceful protest[63]. Opposition parties and some associations also united under Forum for Democracy demanded the resignation of the government[64]. They also issued statements of Declaration Against Violence and called people to make anti-government protests[65]. On the other hand, President Berisha called on all political parties and big trade unions for roundtable talks in order to discuss and to develop solutions for the situation. These talks were not attended by leftwing political parties including the Socialists[66].

After Gjallica's announcement of its bankruptcy, on February 5, 1997, protests began in Vlora and in time spread to the other southern cities like Fier, Saranda and Gjrokaster. President Berisha, who became a personal target of the protesters in time, tried to regain support by offering tax holidays for two year duration for the people who had lost their life savings[67].

On the pyramid schemes front there were still companies, like VEFA, which had stopped lending activities, but were still trying survive with their self claimed investing company identity[68]. After the liquidation of the pure pyramid schemes, the focus of attention turned to the investing company pyramid schemes that had to decrease their interest rates to an average 3 per cent monthly. They were trying to show their different status from the others by putting forward that they possessed enough capital and invested assets to cover the reimbursement of their creditors' capital. But, in time, contrary to what they alleged, their capital and assets proved to be far adequate to repay even the limited amount of the principals of the depositors.

The protests in time got tense due to the brutality of the security forces. Especially the behaviour of the secret service men, drew the reaction of the protesters. Vlora became the center of the protests and university students launched a hunger strike. Violence broke out in the city between the protesters and the police on February 28 and continued throughout March 1, 1997. Berisha declared the

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[63] "Group of Independent Intellectuals Calls on Government to Step Down", The Text of Memorandum of a Group of Independent non-Party Intellectuals signed on January 28, 1997. BBC, SWB, EE, 2833, B/4-5, 3 February 1997.

[64] "Opposition Forum Demands Government Resignation", BBC, SWB, EE, 2832, B/1, 1 February 1997.

[65] "Opposition Forum for Democracy Issues Policy Statement", BBC, SWB, EE, 2837, B/1, 7 February 1997, "Forum for Democracy Demands Crisis Solution through Protests", BBC, SWB, EE, 2840, B/1, 11 February 1997.

[66] "President, Parties Exchange Ideas to Resolve Crisis", BBC, SWB, EE, 2836, B/1, 6 February 1997.

[67] Albanian Observer, vol. 3, no. 2, 1997, p. 13.

[68] "Vefa-Holding Company Makes Announcement on Repaying Investors", BBC, SWB, EE, 2849, B/1, 21 February 1997.

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forthcoming resignation of the government. Prime minister Meksi resigned on March 2, 1997 and the parliament approved the introduction of a state of emergency[69]. The following day, the DP led parliament elected Berisha president for a second five-year term. This period was a critical time for politics. Berisha secured his reelection at a very sensitive phase of the intensifying crisis when public opinion was strongly against him and the international community was not happy with his authoritarianism and his handling of the crisis. Although Berisha offered an amnesty to the rebels in exchange for ending the protests and returning the arms, this was not taken into account seriously by the rebels.

The international community was also trying to find ways and convenient organizations to handle the issue. Finally on March 8, 1997, the OSCE sent Franz Vranitzky, former Austrian Chancellor, as special representative to Albania. Vranitzky had a very hard task to establish dialogue between the government, particularly Berisha, and the opposition. On March 9, an agreement was finally reached by Berisha and all of the opposition parties for the establishment of a government of national unity. It was also decided to hold new elections in June 1997[70]. The deadlock in the political arena seemed to be resolved temporarily but the social unrest and chaos in the streets were growing.

Public reaction changed its nature after people gained access to the weapons in the depots, turning the conflict into armed riots. Despite the state of emergency, the incidents continued. The army was called to intervene in the matter as the government, but was ineffective and unsuccessful in restoring order. On the contrary, rebels forced the security forces to leave the cities. The police forces had to leave their headquarters and the army troops fled from their bases, leaving behind arsenals that were looted by the rebels, and further strengthening the rebels' position with the possession of heavy weaponry including tanks.

Security issue totally went out of hand of the government for a long time. There was neither an existence of state authority nor signs of state sovereignty, especially in the south of the country. Rebels took the control of the towns by the so-called self-appointed "National Salvation Committees". These groups seemed to be

[69] "Parliament Approves State of Emergency", BBC, SWB, EE, 2858, B/1, 4 March 1997.
[70] Later the precise date was set to be June 29, 1997.

"a mixture of semi-popular informal authorities and organized criminals"[71]. But these groups had limited influence on people. The general picture was still chaotic; especially during the nighttime there were many incidents of lootings, arbitrary assaults and shootings[72]. Thus, after a point, people started to arm themselves against this newly emerging organized groups for their self-defense. Some organized crime groups and some gangs began to terrorize people by exploiting the inexistence of public order and law enforcement forces; some of them also tried to fill the vacuum appeared as the consequence of the collapse of the state institutions[73]. Retired army generals, former secret service members and the criminal gangs were organized for economic activities such as smuggling and political demands like the resignation of the government and the president[74]. Incidents had started from a point of civil disobedience against the government policies turned in time to a state of anarchy through the following months.

After being reelected by the parliament, Berisha asked Baskim Fino, who was a socialist originally from south and ex-mayor of the southern town Gjrokaster, to form the new government. Berisha calculated that the Socialists would be useful in restoring the stability in the south due to their links and relations with the protesters in the area.

The new interim Government of National Reconciliation was established on March 12, sworn in on March 13, 1997 and received vote of confidence on the following day from the parliament[75]. The government was composed of a Socialist prime minister, 6 Democratic Party and 5 Socialist Party representatives joined by 9 other members from 7 other parties.

At this stage, riots spread to the northern part of the country, which had been relatively calm during the whole period. This had been due to less participation by the northerners in the pyramid investment schemes because of their less wealth.[76] In addition, the Democratic Party was stronger in the north, contrary to the Socialists'

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[71] Cluines-Ross and Sudar, op. cit., p. 231.
[72] B. Nicholson, "The Beginning of the End of a Rebellion: Southern Albania, May-June1997", East European Politics and Societies, vol. 25, no. 3, 1999, pp. 548-9.
[73] J. Holland, "Does Social Capital Matter? The Case of Albania", IDS Bulletin, vol. 29, no. 3, 1998, p. 70.
[74] Xhudo, op. cit., p. 264.
[75] "New Government of National Reconciliation Sworn in", BBC, SWB, EE, 2868, B/1, 15 March 1997.
[76] F. Nazi, "The Writing on the Pyramid Wall", War Report, no. 50, April 1997, p. 5.

strength in the south of the country. In the analyses of the crisis and the incidents, especially foreign journalists stressed a north-south distinction and the possibility of a north-south civil war.[77]

The spread of the incidents to the north accelerated after March 13, 1997, with the looting of the army arsenals by the people in north and Tirana, as it was the case in the south. There are different claims cocerning how people gained access to the weapons. Some claimed that what happened in the northern army depots occurred with the orders of President Berisha. As Berisha is a northerner and as army weapons were seized in his hometown Tropoja[78], it was argued that he had paved the way for the lootings in order to "create a counterweight to the south"[79]. Berisha could have calculated this however there were protests against the government and Berisha in the north before the looting of the army arsenals began. On the Socialists' influence over the south and the rebels, contrary to the expected, the incidents continued in the south for some time after the introduction of the national reconciliation government led by a SP member. In a different approach, it was suggested to be a "regional antagonism [that] had existed between the inner circle of the communist nomenclature, who were mainly from the south, and Berisha's basis of support, which comes from his northern home town of Tropoja" and a political competition between the two, which was linked to the origins of the new political class[80].

The international community could not play a preventive role in the developments in Albania by convincing the Albanian government to take necessary measures to impede the economic crisis. Despite the rhetoric about Albania's importance for peace and stability in the Balkans, the domestic developments in the country were far from attracting the western countries' attention, except Italy and Greece whose interests were at stake and the instability in Albania was posing an imminent threat to regional security. Italy suffering from another exodus of Albanian refuges rushing to its shores, even suffered from a domestic political crisis due to the difference of the Italian political parties' approaches to the developments as the opposition parties resisted to the government's decision to send armed forces to Albania.

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[77] F. T. Lubonja, "Pyramids of Slime", Transitions, vol. 4, no. 1, June 1997, p. 69.
[78] A. Klosi, "Anarchy by Design", War Report, no. 50, April 1997, p. 6.
[79] Lubonja, op. cit., p. 69.
[80] Schmidt, F., 1997, "Albania's Fledging Democracy Runs Around", Transitions, vol. 4, no. 2, July 1997, p. 64.

The timing of the Albanian crisis coincided with the discussions in Europe about the new architecture of the European security. The responsibility and the division of labour among different organizations and their effectiveness were being questioned at that period. The attention of the international community had focused on the implementation of peace in the post-Dayton environment of the Balkans. International actors deeply involved in Bosnia Herzegovina were reluctant to activate themselves for another Balkan crisis, which they perceived as "exclusively internal"[81]. As the crisis intensified in Albania, a necessity to decide on a certain strategy appeared for the international community.

Within the international community, individual states were approaching the issue parallel to their differing interests. The United States considered Albania as the indispensable factor for the stability in the Balkans and supported the transition attempts of the country. It granted Albania the "Most Favoured Nation" status, provided economic aid and support for Berisha and the Democratic Party rule in exchange for Berisha's de-emphasis of the Albanian nationalism in the region and "staying out of the conflicts in the former Yugoslavia"[82]. Until the completion of the Dayton Agreement in November 1995, Berisha played the role of the man of stability in the region as the United States was in need of an ally in the troublesome Balkans, where Albania had the potential to influence the developments in Kosovo and Macedonia that possessed remarkable number of Albanians with the capacity to destabilize the region. Especially the Kosovo issue, perceived to be the Balkan's "powder keg", was ready to explode and that could be the least desired development for the Americans who would have to deal with a second front of war negatively contributing to their already hard task in Bosnia Herzegovina. But, in the relatively stable post-Dayton period after the fraudulent 1996 elections, the United States shifted its policy and withdrew its support for Berisha stressing the priority of the stability of Albania rather than a pro-United States leader at the office. Containing a possible Albanian led problem in the Balkans continued to be one of the priorities of the United States in this era.

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[81] E. Greco, "New Trends in Peace-keeping: The Experience of Operation Alba", Security Dialogue, vol. 29, no. 2, 1998, p. 206.

[82] R. C. Hendrickson, "Albania and NATO: Regional Security and Selective Intervention", Security Dialogue, vol. 30, no. 1, 1999, pp. 110-1.

Italy and Greece were directly affected by the ongoing crisis in Albania. Indeed, Italy had to declare state of emergency on March 19,1997, because of the massive influx of the refugees from Albania. To the contrary, other European countries were not affected as such and did not respond to the developments rapidly. The crisis was discussed in the agendas of the pan-European and transatlantic organizations. The European Union responded to the call for help from Albania and to its members' -Italy and Greece- attempts to activate the organization for military operation in Albania, with a limited involvement decision ruling out a direct involvement in the crisis with military means. Basically, United Kingdom and Germany opposed the military intervention from points of not attributing any defense role to the European Union and the feasibility of a possible military operation handling by the Union[83]. Similarly, because of the differing approaches on the Common Foreign and Security Policy within the European Union and the immature nature of the Western European Union (WEU) with limited capacity and mechanisms for handling an operation in line with the opposition within the organization resulted in the limited actions of the European institutions to the Albanian crisis.

NATO also could not be activated due to the opposition of the United States, United Kingdom and Germany. NATO was under a heavy responsibility in Bosnia Herzegovina and did not want to get involved in another military intervention in the Balkans. Despite its attempts to convince NATO for a military intervention, Italy failed again. In fact, the international organizations were not ready to engage in such crises of domestic instability and chaos. Furthermore, United States and some of the key European allies regarded "their interests low and the risks high" concerning a possible military intervention in Albania[84].

Finally the issue was brought before the United Nations by the appeal of Albania to the Security Council, which later was supported by the Italian application proposing the idea of a "coalition of willing" for intervention[85]. The United Nations Security Council discussed the issue on March 28, 1997 and adopted Resolution 1101 preparing the ground for a multinational protection force (MPF) to be sent to

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[83] Grecko, op. cit., p. 205.
[84] S. Kay, "From Operation Alba to Allied Force: Institutional Implications of Balkan Interventions", Mediterranean Quarterly, vol. 10, no. 4, 1999, p. 76.
[85] Grecko, op. cit., p. 206.

Albania[86]. The Resolution stated that the "limited multinational force" mandate would be "to facilitate the safe and prompt delivery of humanitarian assistance, and to help create a secure environment for the missions of international organizations in Albania, including those providing humanitarian assistance[87]. The Resolution also made reference to Chapter VII of the United Nations Charter to authorize the member states, which would join in the multinational protection force that would be led by one of the member states, and to ensure the security and freedom of movement of the force's personnel[88]. The "only practical obligation of the 'mandate bearers'" was to provide regular reports to the Security Council about the phases of the operation[89]. Accordingly, the Albanian Parliament passed the law on "Admission to Albania of a Multinational Military Force in Support of Humanitarian Operations" on March 30, 1997, creating the legal ground for the deployment of foreign troops to Albania[90]. United Nations Security Council later extended the three months mandate on June 19, 1997 with its Resolution 1114, for another forty-five days till August 12, 1997[91].

Italy took the lead in the organization and the command of the Multinational Protection Force. The force was composed of various countries,: Italy, France, Greece and Turkey constituted the bulk of the force; Romania, Spain, Austria and Denmark contributed with a small number of troops and Slovenia, Belgium and Portugal provided medical and technical assistance. The force began to arrive to Albania starting from April 15, 1997. The deployment of the force became the second operation to Albania after the Pelican Operation held in 1991. The new international operation's code-named "Operation Alba"[92].

The basic achievement of the Multinational Protection Force sent to Albania was referred to as the "creation of a favourable psychological climate for re-building the state in Albania and restoring order"[93]. Operation Alba was considered, in

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[86] United Nations S/RES/1101 (1997), 28 March 1997.
Also see http://www.un.org/Docs/scres/1999/9708437E.htm.
[87] Ibid., Article 2.
[88] Ibid., Article 3 and Article 4.
[89] G. Kostakos and D. Bourantonis, "Innovations in Peace-Keeping: The Case of Albania", Security Dialogue, vol. 29, no. 1, 1998, p. 56.
[90] "Cabinet Discusses Law on Foreign Force", BBC, SWB, EE, 2882, B/2, 2 April 1997.
[91] United Nations S/RES/1114 (1997), 19 June 1997. Article 6.
Also see http://www.un.org/Docs/scres/1999/9716644E.htm.
[92] Alba means 'dawn' in Italian and refers as the first four letters of the Albania as well.
[93] F. Mema, "Did Albania Need Operation 'Alba'", Security Dialogue, vol. 29, no. 1, 1998, p. 60.

general, as a success story due to its accomplishments compared to its task. It filled the security gap but refrained from being directly involved in conflict with the local people. Operation Alba helped the facilitation of distribution of the humanitarian aid by securing the transfer and the distribution of the aid and assisted other international and the nongovernmental organizations while carrying out its own tasks. The task of the force and its duration were clearly stated in the Security Council Resolution. The force did not act as a police force and left the responsibility of arms collection to the local authorities. Although the disarmament of the renegade bands was left to Albanian security forces, they were far from having the capacity and the willingness to deal with the problem[94]. The WEU created a mandate called Multinational Advisory Police Element (MAPE) in April 1997 to advice and train the Albanian police in order to contribute to the reestablishment and sustaining of the public order in Albania. Apart from the limited objectives, which made the mission relatively simple, the cooperation of the Albanian leadership combined with the favourable political environment characterized by inexistence of major internal opposition, eased the task for the international force[95]. The OSCE acted as a coordination body between the Albanian government and the international organizations and the Multinational Protection Force. The OSCE mission and its special representative Franz Vranitzky were responsible for the civil activities and political issues including the preparation of the country to the forthcoming elections. The ad hoc basis of the "coalition of willing" proved to be effective in its implementation in the Albanian case. Operation Alba was criticized by some of the Albanians, who questioned the existence of an international force in the country, for its limited goals excluding disarmament of the gangs, restoring law and order and not using force to restore order[96]. Taking into consideration Albania's peaceful situation after the Multinational Protection Force left the country, the Operation could be regarded as successful, despite the criticisms.

Stability and order steadily augmented in the society after the humanitarian assistance began to be distributed and security was established after the international intervention. Also with the mediation attempts of the OSCE representatives and the Italian diplomats, an environment of dialogue was created between the government

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[94] P. Kubicek, "Albania's Collapse and Reconstruction", Perceptions, vol. 3, no. 1, 1998, p. 123.
[95] Greco, op. cit., p. 209.
[96] Biberaj, op. cit., pp 326-7.

and the rebels, which contributed to the establishment of order to some extent despite the continuation of violence within the country.

However, the political stability could not be achieved because of the continuing confrontation between the Democrats and the Socialists. As the time of the election approached, election related political problems began to influence the political arena. One of the positive developments in this period was the Socialists' decision to end their boycott and return to the parliament[97]. The configuration of the Central Election Commission (CEC), the election system and the international observance of the elections were brought to the political agenda. The CEC issue was solved by the representation of all parties that were part of the commission in the interim government, but the agreement on the election system could not be easily solved. Political parties reached a compromise about the date and the procedures of the elections on May 9, 1997 including the mixed system of proportional and majority representation with the mediation of the special representative Vranitzky. With this agreement, the controversial laws of "anti-genocide" and "verification" were called for revision, which paved the way for the candidacy Socialist leader Fatos Nano and the Social Democratic Party leader Skander Gjinushi[98]. During the intensive period of anarchy and chaos, Fatos Nano escaped from the prison like most of the people as many of the jails were opened. Later, President Berisha officially pardoned Fatos Nano[99].

DP passed a controversial electoral law on May 13, 1997. Their version of the electoral law opened the way for the Socialist to threaten to leave the government. Once again, with the OSCE representative's mediation, the electoral procedure was finalized on May 29, 1997. The new law envisaged a mixed system - 115 directly elected representatives and increased number of proportional seats in the parliament (40) with a 2 per cent threshold. Following this, the Albanian government and the OSCE agreed on the memorandum of understanding concerning the status of the organization in the country and the principles about the election monitoring. In this period, the representative of the Albanian monarchy, Leka Zogu (King Leka I), returned to Albania after his life long exile. Parallel to the parliamentary elections, a

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[97] "Socialists End Boycott of Parliament – Italian Report", BBC, SWB, EE, 2883, B/5, 3 April 1997.
[98] Biberaj, op. cit., p. 332.
[99] Economist Intelligence Unit (EIU), Albania Country Report 2nd Quarter, (The Economist Intelligence Unit: London, 1997), p. 18.

referendum was also scheduled, which aimed to figure out whether people preferred a monarchy or a republic in Albania.

Election campaign period was a regular reflection of the polarization of politics in the country. The Democrats and the Socialists blamed each other for the developments in the country. The Democratic Party accused the Socialists of flaming the riots and exploiting the situation for political purposes. The Socialists and the opposition targeted Berisha for his personal responsibility for the pyramid schemes and the economic disaster that the country encountered. Both of the parties had to concentrate their campaign programs in places that they were strong. Because of their opponents' threats, the DP could not expand its election campaign to the southern towns of the country. Similarly, the Socialists kept a limited and low profile in their campaign in the north. Fatos Nano, during the Socialist Party campaign, promised to compensate the losses of the investors by the state funds. This promise attracted many voters. For this election, parties preferred to unite and form election alliances. Six right wing parties formed the Union of the Right. The Democratic Party led nine other parties in establishing the Union for Democracy. The Socialists united with five other parties for the elections as well. Leka Zogu also campaigned for the referendum in order to gain support for the restoration of the monarchy in the country.

The elections and the referendum were held on July 29 and the second round on July 6, 1997 under the monitoring of the OSCE election observers. The results signified a clear victory for the Socialists. The pendulum this time moved to the left and the socialists received two-thirds of the majority in the parliament. The Socialists got 52.71 per cent of the votes while the Democratic Party got 25.82, Social Democratic Party 2.49, Union for Human Rights 2.71, Balli Kombetar (National Front) 2.34, Legality Movement 3.28, Democratic Alliance 2.73 and Republicans 2.41. Other parties got seats through the election alliances as well. The seats of the parliament were distributed as the Socialist Party 101 (79 direct and 22 proportional), the Democratic Party 24 seats (3 of its proportional seats were reserved for the leaders of the 3 parties allied with the Democrats for the election), Social Democrats 9 seats, Union for Human Rights 4 seats, Balli Kombetar (National Front) 3 seats, Legality 2 seats, Democratic Alliance 2 seats and the Republicans, Social Democratic Union, Christian Democrats, National Unity Party, Agrarian Party,

United Right Coalition all got single seat while the remaining 3 seats were won by the independents. The proportion of the representation in the parliament was; the Socialists 65.1 per cent, the Democrats 15.5 per cent, Social Democratic Party 5.8 per cent and Union for Human Rights 2.5 percent. Other parties were represented in the parliament below 2 per cent[100]. The estimated election turnout was around 73 per cent[101].

The result of the referendum on the monarchy showed an interesting result for Leka Zogu who had returned to Albania only a short time before the referendum. 66.74 per cent of the Albanian voters voted in favour of a republic while 33.26 per cent in favour of a monarchy[102]. This signifies that an important number - one third - of the voters supported the idea of monarchy. In the post-crisis environment, the Albanians who were seeking for a strong state perceived the restoration of monarchy as a solution for achieving stability in domestic politics, which was paralyzed by the polarization in the party politics.

Holding of the elections during the crisis was the result of the need for a rapid change in the political leadership desired by the international actors. In fact, before the elections, some of the influential countries like the United States and Italy clearly expressed their willingness for the resignation of President Berisha implying that they were not supporting the Democrats. Likewise, international organizations were also in favour of a change in the government. In fact, the internationals saw the elections as a necessity for a change in the country. As they wanted to leave the country as fast as possible in a relatively stabile circumstance, they scheduled the elections as quickly as possible. Actually, the physical environment and the election framework were apparently not conducive for an election that would match the democratic standards. After May 1996 elections, which international organizations and several countries highly criticized and demanded a rerun, nothing improved, but to the contrary, Albania experienced a crisis and lost its already weak infrastructure for the elections. In the equation of stability vs. democracy, the preference of the international actors was in favour of the former. The OSCE's Office for Democratic

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[100]UNDP, op. cit., p. 67. Table 11, Parliamentary Election Results of 1997, Source: Results of Central Elections Committee, July 1997.
[101] Clunies-Ross and Sudar, op. cit., p. 234.
[102] "Final Results of the Referendum", BBC, SWB, EE, 2972, B/1, 16 July 1997.

Institutions and Human Rights (ODIHR) concluded in its report dated June 29, 1997 that

> ...the Albanian Parliamentary elections of 1997 can be deemed as *acceptable*, given the prevailing circumstances in the country. This election process has to be viewed within the context of a *conflict resolution process* following the grave political crisis that preceded the election, which had immediate consequences for the *election standards* [Italics are added].[103]

The OSCE's conclusion about July 1997 general elections in Albania indicated the general attitude of the international community towards these elections. Regarding the elections acceptable in the prevalent situation refers to the chaotic environment in the country that was not conducive for the elections. The purpose of the election process was explained as part of the conflict resolution process in the country. Finally, the pre-election situation was put forward as the cause of -the not mentioned- low and unsatisfactory election standards. The United States House of Representatives' Commission on Security and Cooperation in Europe that followed June 1997 elections in Albania, explained the rationale of the international community as; "in order to hold elections quickly, the norms for free and fair elections were, in many respects, abandoned"[104]. The elections might be the best that could be achieved in Albania during the crisis but it was far beyond the standards. When compared with May 1996 general elections, the picture did not seem to be any more *acceptable*. This reflects the dilemma of the international community in their approach of democratization in the post-communist countries. The elections are, on the one hand, a requisite of the transition to liberal democracy, to be held for the institutionalization of democracy and on the other hand, a necessity for the stability in the countries that are trying to sustain the establishing democratic order. The shifting balances within those factors, in accordance with the circumstances of different cases, cause inconsistencies in the approach of the international community. The results of June 1997 elections, despite the big gap between the Socialists and the democrats, were considered to reflect the general will of the people after the crisis as

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[103] The OSCE Office for Democratic Institutions and Human Rights (ODIHR), "Albania Parliamentary Elections June 29, 1997", http://www.osce.org/odhir/election/alb2-3.htm.

[104] The House of Representatives, Commission on Security and Cooperation in Europe, "Albania's Parliamentary Elections of 1997", http://www.house.gov/csce/alb97el.htm.

a result of the reactions to the Democrats. It was similarly thought for May 1996 elections that the general will of the people was in favour of the Democrats, despite the expected small difference in the results between the two parties. In any way, both elections do not seem to contribute to the institutionalization of democracy in Albania.

Following the elections, a Socialist led coalition government was formed by former prime minister Fatos Nano with the participation of the Social Democratic Party, the Democratic alliance, the Union for Human Rights and the Agrarian Party. The objectives of the coalition government program was stated as getting the country out of the crisis, restore public order by eliminating the criminal gangs and disarming the civil population[105]. The new government also expressed its commitment to the development of democratic institutions and the market economy. The Democratic Party accepted defeat in the elections and President Berisha resigned[106]. Socialist Party's Rexhep Meidani was elected as the new president.

The post-crisis period could be characterized by the attempts for economic recovery, enhancement of the security in the country and continuation of the existing political instability. In the economic realm, international financial institutions and international donors provided Albania with special funds and credits for immediate handling of the economic downwards trend and rehabilitation of the economy [107]. The help and the lending were conditional to Albania's commitment to the macroeconomic stability program and the structural reforms in the economy. The economic indicators of the Albanian economy were negative in 1997. The pyramid investment schemes were liquidated and an international auditing company audited all of their accounts. The state did not pay the debts of the pyramid schemes. The assets of the pyramid schemes were sold to compensate the investors but they covered only a limited amount of the total debt. First steps of the long delayed banking reform were realized. The government took some measures like introduction of new taxes to increase its revenues and, parallel to the fund raising attempts, privatization process was also re-launched.

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[105] "Premier Submits the Government Program", BBC, SWB, EE, 2984, B/1, 30 July 1997.
[106] "President Asks Parliament to Accept His Resignation", BBC, SWB, EE, 2980, B/1, 25 July 1997.
[107] "IMF Approves Emergency Post Conflict Assistance for Albania", November 7, 1997, IMF Press Release Number 97/51. http://www.imf.org/external/np/sec/pr/1997/pr9751.htm.

Public security remarkably increased but some places, especially in the northern part of the country, remained out of the full authority of the central government. Indeed, the looted weapons continue to pose utmost threat to public security. Despite the campaigns to collect looted weapons, out of the 650,000 weapons taken from the depots, only a limited part could be retaken by the government[108]. The police, military and the secret service were reorganized and many of the cadres were changed by the Socialist government. With purges in the state cadres including judiciary, the DP sympathizers were removed and SP supporters replaced them. The politicized nature of the judiciary continued under the Socialist led coalition government as well.

In the political arena the tense situation continued. The parliament could not function in a cooperative environment. The Democrats boycotted the parliament for a long time. On September 18, 1997, a Socialist Party deputy shot the prominent Democratic Party deputy Azem Hajdari in the parliament building[109]. Hajdari survived. The Democratic Party restarted its boycott of the parliament. The Democratic Party condemned the government and demanded new elections.

In this period drafting of a new constitution was also relaunched under the auspices of the OSCE. A parliamentary commission was formed to prepare the constitution in September 1997[110]. But, the DP also boycotted the commission entitled to draft the constitution from December 1997 onwards. Despite the desperate need for a new constitution, the DP did not participate in the drafting of the text and later declared its opposition during the referendum process. Albanians approved the new constitution with a referendum made on November 22, 1998. Despite the relatively low turnout, 93.57 per cent of the voters voted in favour[111]. The constitution was drafted with comprehensive and contemporary features. Basic rights

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[108]About 650,000 weapons, 20,000 tons of explosives and 1.5 billion ammunitions are believed to be stolen from the depots. "Albania Tries to Recover Looted Arms", Albanian Observer, vol.4, no. 7-8, 1998, p. 16. Many of these looted weapons found market in Kosovo where Albanians prepared for an armed resistance against the Serbs.

[109]Economist Intelligence Unit (EIU), Albania Country Report 4th Quarter, (The Economist Intelligence Unit: London, 1997), p. 11.

[110] International Crisis Group (ICG) Albania:," Supporting Albania's Long–Haul Recovery", 1998, p. 10. wysiwyg://report.main.2/http://www.cris.../projects/sbalkans/reports/alb03rep.htm.

[111] Economist Intelligence Unit (EIU), Albania Country Report 1st Quarter, (The Economist Intelligence Unit: London, 1999), p. 10.

and freedoms are defined in detail within the constitution[112] but the matter still is the application of the laws and regulations in Albania. Governments' influence on the judiciary process, the judges and prosecutors is making the independence of the courts debatable in Albania.

The political arena got tenser by different crises experienced in politics and public security. In Shokder, On January 20, 1998 armed men attacked the police station and surrounded the Prefecture building demanding the release of some prisoners in town. After a night police were sent and government regained the control of Shkoder[113]. This was the most serious armed challenge to the Albanian government in the post-1997 crisis period. Later in August, military prosecutors charged six Democratic Party members who had served as ministers and top-level bureaucrats, with crimes against humanity for the March 1997 incidences[114]. The level of political strain increased due to the revenge politics of the politicians. In fact, the government had been forced by the Socialist party members who were demanding the execution of those responsible for the 1997 crisis and the following incidents. This caused the Democratic Party to start a total opposition against the government with the aim to overthrow it by "using all means"[115]. On September 12, 1998, Democratic Party MP Azem Hajdari was shot by unidentified murderers in front of the party headquarters. The Democratic Party reacted and accused the Socialist Party of being behind the killing of the Hajdari. During the funeral of Hajdari on September 14, protests turned into violence. In the streets of Tirana, guns were shot, armoured police vehicles were seized and shops were vandalized. The security forces could not manage the developments for a while and in this period, protesters attacked Prime Minister Nano's office and residence. The protesters occupied the radio and television buildings. Later, security forces restored control but the incidents stated by the socialists as a *coup d'etat* attempt planned by the Democratic Party[116]. Democrats refused the accusations[117]. Following the funeral and

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[112] "1998 Constitution of the Republic of Albania", Text approved by referendum on November 22, 1999 and promulgated on November 28, 1998. Translation by Kathleen Imholz, Esq., Krenar Loloçi, Esq., and OSCE-Albania. http://www.undp.org.al/download/pdf/constitution.pdf .
[113] ICG, op. cit., p. 13,
[114] A. Bejtja, "Albania Spins out of Control", Transitions, October 1998, p. 44.
[115] F. Schmidt, "From Anarchy to an Uncertain Stability", IJT Country Files: Albania: Annual Report 1997, (1997) http://www.ijt.cz/countries/albar97.html.
[116] Ibid.

the incidents, the Democratic Party intensified its efforts to force the government to step down and Nano to leave the office. The Socialists and Nano resisted and declared their commitment to rule the country. Despite his statements, Nano unexpectedly resigned on September 28, 1997 and foremost young leader of the Socialist Party Pandeli Majko was asked by President Meidani to form the new government. In the following days, Majko formed the new government. The personalized politics of Albania had caused another subject destabilizing the country. In fact, personal antagonism and competition between Berisha and the Nano sealed many of the political crises that Albania experienced during its multiparty democracy. Albanian political life, characterized and shaped by considerable influence of the personalities rather than institutions, hinders the development of democracy in the country. The lack of political accountability is also a problem in the personalized politics[118]. International organizations and their stuff basically complain about the polarized and personalized domestic political scene which often activate the internationals as mediators to resolve conflicts and to reach to common points. The underdeveloped political culture, not used to the reconciliation and compromise, combined with the authoritarian tradition makes the Albanian political arena conflictual rather than cooperative.

[117] B. Koleka, "Defiant Nano Sees Albania Unrest as Coup D'etat", Albanian Observer, vol. 4, no. 9, 1998, p. 10. "Opposition Leader Denies Strating Attempted Coup", Albanian Observer, vol. 4, no. 9, 1998, p. 11.

[118] World Bank, "Albania Beyond the Crisis: A strategy for Recovery and Growth", December 7, 1998, Report No: 18658 ALB, p. 3.

CHAPTER V

REGIONAL INSTABILITIES AND ITS IMPACT ON ALBANIA

The developments in the post-Cold War era forced Albania to redefine and restructure its foreign relations. Albania's transition process coincided with the regional and international instabilities, which therefore had direct impact on developments in Albania. The internal and external weaknesses of the Albanian state influenced internal policy making and Albania's relations with other countries.

In the 1990s Albania tried to get rid of the legacies of the past regimes and the heritages of different rules, which had shaped its history since the beginning of its state formation process. As the Albanian state lacked a strong basis, legitimizing the state and its policies became a problem for the new leadership. Opening to the international scene was inevitable for Albania after a long period of self-imposed isolationism. The adaptation process was not easy but the Albanians seemed to be committed to change. They tried to participate in the leading international and regional organizations in order to benefit from being part of different structures. In the new era, international economic and political assistance became crucial for the survival of the Albanian state.

Albania activated international organizations during the crisis periods in order to get help. Proportional to its weakness, Albania felt itself insecure in the new international environment. Its policy priority became to work for the integration into Euro-Atlantic structures. For economic recovery, and much needed financial help and particularly humanitarian aid, Albania approached the IMF, World Bank and individual donors willing to provide assistance. Joining the European structures, particularly integration to European Union became a goal for Albania. Although it was not granted a candidate status by the European Union, it was granted financial

assistance[1]. Italy led the individual donors in the period between 1991-1996 and continued its donations in the following period as well[2].

On the security realm, Albania determined participation to the North Atlantic Treaty Organization (NATO) as its priority and tried to develop close relations with the trans-Atlantic security organization. Albania not only became the first country in transition process to apply for NATO membership in December 1992, but it also became an active member of the developing cooperation mechanism, between the post-communist countries and NATO-the Partnership for Peace program in February 1994[3].

Albania opted to develop a close relationship with the United States. In the post-Cold war environment, the interests of both countries coincided and the mutual relationship expanded. The United States' concerns about stability in the Balkans made it approach Albania. Albania was in need of international backing and a supporting patron in its international relations and economic recovery. There was a positive image of the United States among the people and the new Democratic Party political élite, which helped to justify the close relationship in public opinion. The differences between the political parties were reflected in the sphere of foreign policy. The Democratic Party and its leader Sali Berisha were in favour of establishing a special relationship with the United States, whereas the Socialists remained aloof for a long time. According to the Socialists this close relationship could hamper the development of relations with Europe. The Democrats tried to assure the opposition by stating that the nature of the United States-Albania relations was not at the expense of the European countries and the European structures.

Internal developments had direct effects on the formation of foreign policy. The deficiencies in the domestic economic and political transition culminated in occasional crises. But the governments' inexperience in the handling of the crises and the Albanian state's weakness led it to seek international help. The crises further deepened the institutional weakness and the structural problems of Albania, which could not be overcome by itself in the transition processes.

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[1] K. Daja, "The Greatest Donator", Albanian Observer, vol. 3, no. 6, 1997, pp. 24-5.
[2] N. Sejamini, "Foreign Aid", Albanian Observer, vol. 3, no. 7-8,1997, pp. 40-2.
[3] R. C. Hendrickson, "Albania and NATO: Regional Security and Selective Intervention", Security Dialogue, vol. 30, no. 1, 1999, p. 119.

In the post-Cold War international environment, the international community's intervention in Albania, with the request of Albania, signified an important development in the involvement of the international community in the domestic crises, which cause international-regional instability and a threat to peace. The creation of ad hoc based coalitions for intervention into crises with domestic characteristics, based on the willingness of the participating countries, was first realized as a result of the 1997 Crisis in Albania.

The general changes in the international circumstances and their reflections on the regional level influenced the Balkans at the foremost intensity. The revival of nationalism in the historically problematic Balkans, combined with the problems faced by the states during the transition processes, brought instability and conflicts to the region once again. The international community was not ready to cope with new challenges introduced parallel to the changes in the international system and its ineffectiveness and disorganization were proved in the first test case during the crisis in the Balkans.

The so-called "Yugoslav wars of succession" became the major source of instability in the Balkans. The dismemberment process of Yugoslavia influenced all of the Balkans. In particular, the bloody war in Bosnia Herzegovina threatened the security of the whole region. The war in Bosnia Herzegovina turned into a major challenge to European security so that the United States and the European countries could not remain indifferent to the developments in this problematic region. While working for the purpose of ending the war, the international community's other priority appeared to be the containment of the spread of the war to other parts of the Balkans. In this sense the Albanian inhabited parts of the rump Yugoslavia and Macedonia possessed the potential for destabilizing the region in case of an outbreak of conflict. In the strategy of preventing the spill-over of the war in the region, Albania's contribution to stability was realized by Albania's controlling or at least not encouraging the Albanians living outside Albania proper for not creating another hot spot in the region. During the crisis Bosnia-Herzegovina, the most undesired development would be opening of a second front of armed confrontation in Kosovo, which would open the door for a total turmoil and catastrophe in the Balkans.

In particular, the United States emphasized the importance of Albania in the conflict prevention process during the war in Bosnia Herzegovina. After the

reestablishment of diplomatic relations, the United States government, not only for supporting a pro-American government in the region but also for preventing a possible Albanian originated conflict in the region, began to pursue a policy of backing Albania politically and economically. The European Allies also realized the necessity of keeping the Albanians out of the conflict but the policy was basically applied by the American's hand.

The "Albanian Question" has existed since the determination of Albania's boundaries in 1913. As the Albanian inhabited territories were divided into three, the Albanians began to live under three different entities. There were Albanians living in Kosovo, which was in the boundaries of Serbia, and the remaining Albanians were living in Macedonia and a relatively small number in Montenegro. The Albanians lived separately for a long time without much contact. The fluctuating relations between Albania and Yugoslavia kept the interaction among the kin Albanians very limited and Albania did not pursue a consistent policy towards the Albanians in Yugoslavia[4]. Basically, Albania's isolationalist policy and perception of all kinds of outside impacts as a threat to its regime, kept the interaction almost non-existent during the period of communist rule in Albania. Some Albanians described this separation as an invisible wall dividing Albanians. Albanian nationalism keeps the reunification of all Albanians as an ideal which naturally brings a revisionist attitude with it.

In the post-communist era, for the first time for years, all Albanians had the chance of contacting with each other. Despite the differences that were felt by Albanians after reestablishing relations, the idea of unification of Albanians also came to the forefront. The developments in this era, especially the dissolution of Yugoslavia and the rise of the nationalism influenced the Albanians as well. Enver Hoxha's type of nationalism was an Albania centric nationalism, which excluded the Albanian Diaspora. On the contrary, the Yugoslavia Albanians, especially the ones living in Kosovo, had preserved a strong sense of nationalism since they lived under the Serbian rule with limited rights. Kosovar Albanians, who had been regarded as nationality rather than a constituent nation, struggled to get a nation status and self-rule within Yugoslavia, and kept their national consciousness vivid. In time, with the

[4] B. Shehu, "The Albanian National Problem and Conflicts with Neighbors", in Beyond Borders: Remarking Cultural Identities in the New East and Central Europe, L. Kürt, and J. Langman, (Westview Press: Boulder, 1997), p. 87.

reemergence of nationalism in Yugoslavia following the death of Tito in 1980, the extension of the quasi-autonomy that the Kosovar Albanians had gained with constitutional authorization in 1974 became a target for the Serbian nationalists and finally it was removed by forcing the local assembly in 1989. The Albanians lost their existing status while they were working for an improvement. The Kosovar Albanians entered the dissolution process of Yugoslavia with a loss in their status but by declaring their independence in October 1991[5], they cleared their final aim. Albania became the first and the only state to officially recognize Kosovo's independence. In Macedonia, since the Albanians were a minority, they felt relatively less pressure partly due to their limited demands, like the right to have education in Albanian, in this process.

The already existing Albanian nationalism, which was controlled under the Yugoslav system, in the bloody dissolution process became another potential source of conflict. The transition of Albania from communism to liberal democracy also raised the hopes among Albanians living in Yugoslavia for getting support for their cause. This was in fact a "national" cause for all Albanians. The Albanian leadership in Yugoslavia supported the transition in Albania. They backed the opposition for taking power as they were disappointed with the communist rule, which had not supported them for the sake of keeping good relations with the Yugoslav government. This was due to the demand to not be in military confrontation and pursue the economic interests of the country. The newly emerging opposition in Albania also did not underestimate the importance of taking support from the Albanian Diaspora and receiving the title of the defendant of the national cause. The Democrats and their leader Sali Berisha stated the importance of the conditions of the Albanians living outside Albania and they included this issue and eventual union with Kosovo in their first programs[6]. The Democratic Party took up the issue of Kosovo and Macedonian Albanians' situation in their first and the following election campaigns.

The historical Albanian Question was reintroduced to the agenda with the rising nationalism in the Balkans. However, the Albanian Question was contained

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[5] M. Vickers and J. Pettifer, Albania: From Anarchy to a Balkan Identity, (New York University Press: New York, 1997), p. 150.

[6] Hugh Miall, "The Albanian Communities in the Post-communist Transition", in Ethnicity and Democratization in the New Europe, edited by Karl Cordell, (Routledge: London, 1999), p. 142.

during the war in Bosnia. When the parties of the Bosnian war agreed on a peace accord in Dayton in November 1995, the policy of keeping Albanians out of a conflict lost its priority. For the Albanians, in fact, the Dayton agreement was a disappointment because there was no reference to the Kosovo problem in the final settlement.

During the Bosnian war, the Kosovar Albanian government, led by Ibrahim Rugova, had opted for adopting a passive resistance policy against Serbian rule in the region. This policy was in conformity with the United States' policy of not internationalizing the Kosovo problem. As a matter of fact, Kosovar Albanians refrained from being in direct confrontation with the Serbs. This was due to their expectation of drawing support from the western countries to address the Kosovo issue and partly to the Albanians' military weaknesses against the Serbian standing army. Kosovar Albanian's policy of peaceful resistance was greatly appreciated by the United States and the European powers as an important contribution to stability in the region during the war in Bosnia Herzegovina. However, contrary to their expectations, Albanians were not invited to the peace negotiations and the Kosovo issue was not even mentioned in the Dayton Peace accord. This caused big disappointment among the Albanians. They considered the consequences of the application of the pacifist resistance strategy inefficient. Kosovar Albanians were frustrated with the international community's sacrificing of their issue despite their suffering from Serbian suppression during the war. The international community was content with the *status quo* achieved with the Dayton Agreement and did not want to deal with the eruption of a new conflict in the region. In addition to the international community's desire to contain new conflicts in the Balkans, they did not want to confront the Serbs as Serbian cooperation was essential in the implementation and success of the peace deal in Bosnia. The international community disregarded Kosovar Albanian's demand for self-determination and continued to see the Kosovo issue as an internal matter of the rump Yugoslavia[7]. The international community only kept an outer wall of sanctions imposed on Serbia, mainly blocking its membership to international organizations, lifting of which was conditioned to positive developments in Kosovo. But this was far from being satisfactory for the

[7] M. Vickers, Between Serb and Albanian: A History of Kosovo, (Hurst & Company: London, 1998), p. 290.

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Kosovar Albanians who were demanding the internationalization of the issue. It was also a major blow to the prestige of Rugova who was the architect and defendant of the peaceful resistance policy for getting international support for Kosovo's independence[8]. The post-Dayton developments paved the way for the radicalization of the Albanians who were weary of the passive resistance.

The approaches and the strategies developed for the solution of the Kosovo issue and the status of Albanians were divergent. One option was returning the status of Kosovo back to broad autonomy determined by the 1974 constitution. Another proposal was raising the status of Kosovo to a republic and letting it become the third republic in rump Yugoslavia. The final option was the independence of Kosovo. Kosovar Albanians were clearly in favour of independence.

The Albanians living in the Albania proper dealing with the transition difficulties, mostly remained indifferent to the developments in Kosovo and Macedonia for a long time. The National Question was generally on the political and international relations agenda. In the course of time, the Albanian political élite approached the issue with much enthusiasm. Following the Dayton accords, the DP and Sali Berisha put a lot of emphasis on the national question and tried to establish close relations with the Albanian leadership in Kosovo and Macedonia. After intensive pressure from the international community, particularly the United States, Berisha declared Albania's opposition to changing international borders. Meanwhile, Berisha also stated that Albania would not tolerate any violence or pressure on Kosovar Albanians. In this period, Albania supported the decisions of the Contact Group, which was established in 1994, as a consultative mechanism for the developments in Kosovo, composed of the United States, Italy, Britain, France, and Russia.

The Democratic Party leadership especially its president Berisha had close relations with the Kosovar Albanians. Berisha was a Gheg from Tropoja, where many people had relatives on the other side of the border. With family ties to Kosovar Albanians, he was sympathetic to unification with Kosovo and the Kosovo Albanians' cause[9]. On the other hand the Tosk dominated Socialists were mostly reluctant to the Gheg concentrated Albanians that were living in Yugoslavia. The

[8] Malcolm, N., 1998, Kosovo: A Short History, New York University Press, New York, p. 353.
[9] International Crisis Group, "The View from Tirana: The Albanian Dimension of the Kosovo Crisis", July, 10, 1998. wysiwyg://report.main.2/http://www.cris.../projects/Balkans/reports/kos03rep.htm.

Kosovar Albanians perceived the Socialist Party as the continuation of the communists. They were not enthusiastic to be in close relation with the ex-communists who ignored the Albanians living in Yugoslavia in the past, while the Socialists wanted to keep Kosovar Albanians, who supported the Democratic Party, at arms length. The Socialists were not as enthusiastic as the DP on the internationalization of the Kosovo problem during their rule.

The 1997 crisis, which brought Albania into turmoil, also influenced the Kosovar and Macedonian Albanians. Kosovar Albanians lost their major supporter in the international arena for a while as the mainland Albanians had to turn inside to deal with their domestic problems. The weakening of Albania due to its domestic problems and the Serbian loss in Bosnia caused the Serbs to intensify their suppression in Kosovo. But on the other hand the Albanian crisis created an opportunity for the Kosovar Albanians who wanted to shift their policy from peaceful resistance to an armed struggle against the Serbian rule. The arms, which were looted from the Albanian army depots, began to be sold to the Kosovar Albanians and transferred to Kosovo. This made a change in the balances. For a long time, the Albanians in Kosovo could not consider armed confrontation as a policy option due to their military weakness against the Serbs. After the crisis, as the Albanian government could not establish its authority in the north of the country, in towns like Tropoja and Kukes, which were already sympathetic to the Kosovars, arms markets were established to supply the looted arms to the Kosovar Albanians. These arms were transferred to the other side of the border easily due to the lack of border controls on the Albanian side. The lack of state authority in the northern region provided an opportunity for the Kosovar Albanians, who were already supporting the armed resistance, to establish armed groups and train them in Albanian territory.

Following the crisis in Albania, the Socialist Party came to power after the elections. This caused a change in Albania's attitude to the Kosovo issue. The Socialists did not support the Kosovar Albanians with the same vigor the DP did before. The Fatos Nano led government also shifted the Albanian policy to a policy of developing relations with Belgrade. In October 1997, the foreign ministers of Albania and Yugoslavia gathered which was followed by Fatos Nano's meeting with Slobodan Milošević in Crete during a Balkan Summit in November 1997 where

Nano stated the Kosovo issue as an internal matter of Yugoslavia[10]. This caused deterioration in the relations between the Kosovar Albanian leadership and the Socialist government. In fact, the Socialists tried to shift foreign policy towards closer relations with Greece and normalizing its relations with Yugoslavia in the regional affairs. Tirana's "policy of reconciliation" failed as the Serbian leadership intensified its pressure on Kosovo[11], considering this policy as a consequence of Albania's post crisis weakness.

Tension and violence were an increasing trend in Kosovo. Albanians began to retaliate to the Serbian security forces' repression and brutality with attacks against government buildings, government representatives and the security forces. The attacks were generally arbitrarily organized by small groups as a reaction to the use of force by the police. The main organization established for armed resistance was the Kosovo Liberation Army (KLA, or Ushtria Çlirimtare e Kosovës [UÇK] in Albanian) which was also a challenge to Rugova and his party the Democratic League of Kosovo (LDK)[12]. KLA fighters first appeared at a funeral of an Albanian teacher killed by the Serbian security forces in Drenica and declared their fight for the independence of Kosovo[13].

The intensity of the conflict between the Kosovar Albanians and the Serbian security forces rapidly increased in the first months of 1998. The violence reached its peak in March 1998 with the killings of eighty Albanians by the Serbian security forces in Drenica. The Kosovo Liberation army began to launch hit and run attacks and roadblocks, turning the resistance into guerilla warfare. This warfare was supported by arms, medical and food supplies from the northern Albania. The KLA established its training camps in northern Albania and used them as bases to infiltrate into Kosovo to attack the Serbian forces.

As the conflict escalated in Kosovo, the Nano government's position shifted, while insisting on a solution to the Kosovo issue within the framework of Yugoslavia, from autonomy for Kosovo to "granting of status of republic on a par

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[10] E. Biberaj, "The Albanian National Question: The Challenges of Autonomy, Independence and Separatism", in The New European Diasporas: National Minorities and Conflict in Eastern Europe, edited by Michael Mandelbaum, (Council on Foreign Relations Press: New York, 2000), p. 248.
[11] F. Schmidt, "Kosovo Shakes Albania", Transitions, 1998.
www.transitions-online.org/sess...koshaal.html&color=red
[12] Biberaj, op. cit., p. 242.
[13] Vickers, op. cit., p. 313.

with Serbia and Montenegro"[14]. The DP criticized the government's stance from a nationalist point as not doing enough for the national cause. The Democrats used the developments in Kosovo for domestic politics as well, which also contributed to the political tension in the country. Although the Albanian public reacted to the mass killings of the Kosovar Albanians, they were basically busy with the domestic economic difficulties. However, the arms and other supplies trade in the northern border parts of Albania became a lucrative business contributing to the economies of the local people[15]. In this period also Kosovar Albanians forced by the Serbs, began to cross the borders en masse as refugees into Albania and Macedonia.

The conflict in Kosovo signaled the possible spread of instability in the region and the intensification of the violence and the fighting alarmed the international community. The suffering of the refugees and the need for humanitarian aid drew attention to the Kosovar Albanians. In this sense, the radical wing of the Kosovar Albanians, supporting the active resistance, at least became successful in internationalizing the Kosovo issue.

On September 23, 1998, the United Nations Security Council passed the Resolution 1199[16] under Chapter VII of the UN Charter. The resolution demanded a ceasefire and called for dialogue between the Yugoslav authorities and the Kosovo Albanian leadership to reach a political solution, stop the fighting and the withdrawal of security units used for repression from the region. It stated the concerns of "excessive and indiscriminate use of force by Serbian security forces and Yugoslav Army", "the terrorism in pursuit of political goals" and the flow of refugees to the neighboring countries. The Resolution also made reference to the UN Resolution 1160[17] adopted on March 31, 1998 for stating the international commitment on the "sovereignty and territorial integrity" of Yugoslavia and peaceful resolution of the Kosovo problem by "an enhanced status for Kosovo, a substantially greater degree of

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[14] Biberaj, op. cit., p. 258.
[15] M. Vickers, "Tirana's Role in the Kosovo Crisis (March 1998 – March 1999)", in Kosovo: Myths, Conflict and War, edited by K. Drezov, B. Gökay, and D. Kostovicova, (Keele European Research Centre: Southeast Europe Series, 2000) p. 32.
[16] United Nations S/RES/1199 (1998), 23 September 1998.
Also see http://www.un.org/peace/kosovo/98sc1199.htm
For all of the resolutions on Kosovo see, http://www.un.org/Depts/dhl/da/kosovo/koso_sc1.htm.
[17] United Nations S/RES/1160 (1998), 31 March 1998.
Also see http://www.un.org/peace/kosovo/98sc1160.htm.

autonomy, and meaningful self determination". This resolution did not satisfy either of the parties and the fighting went on in Kosovo.

In September 28, 1998, after the political protests and clashes following the killing of Azem Hajdari, Fatos Nano resigned and Pandeli Majko became the Prime Minister of Albania. Majko had to face a critical period following the United Nations Security Council's resolution. Majko was young, pragmatic and cooperative. He changed the government's position and opened the channels of dialogue with the Kosovar leaderships. But while adjusting new policies, he had to adopt a balanced stance to show both solidarity with the Kosovar Albanians and restraint over the demands for independence[18]. Kosovo Liberation Army had also begun to consolidate its political power and became a political actor in Kosovar politics. In the course of time, the Kosovar Albanian political arena got more and more fragmented and political power floated among different power centers. The Albanian government took the role of mediator between different political groups. Although the Albanian government supported different groups in time, it did not want to alienate them.

Finally, in October 1998, NATO was actively involved in the Kosovo conflict by threatening military intervention and demanding Yugoslavia to stop the use of force in Kosovo. On October 12, 1998 NATO declared its commitment to intervene and authorized the Supreme Allied Commander in Europe to launch air strikes within four days in case Yugoslavia did not comply with the provisions of the United Nations Security Council resolutions[19]. The U.S. diplomat Richard Holbrooke met with the Yugoslav leader Slobodan Milošević to convince him to accept NATO demands based on the United Nations Security Council resolutions. On October 13, 1998, Milošević accepted the international demands. NATO postponed the strikes and extended the deadline for the fulfillment of the obligations determined in the United Nations Security Council resolutions twice. Finally, despite substantial compliance with the resolutions, NATO reconciled with the achievements, especially with the partial withdrawal of the Yugoslav forces from Kosovo, and halted its intervention for an undetermined time. The agreement decided on October 13 contained provisions about the deployment of 2,000 unarmed OSCE monitors to follow the developments about Yugoslavia's compliance with the United Nations

[18] Vickers op. cit., p. 32.
[19] Catherine Guicherd, "International Law and the war in Kosovo", Survival, vol. 41, no. 2, 1999, p. 35.

Security Council resolutions, and permission for NATO surveillance planes to fly over Kosovo to monitor the situation (Operation Eagle Eye). The OSCE observance mission called the "Kosovo Verification Mission" and its mandate determined basically as "verifying maintenance of the ceasefire, monitor movement of forces, provide assistance in the return of refugees and displaced persons, supervise elections, help in forming elected bodies of self-administration and police forces, and promote human rights and democracy building"[20]. The legal framework of the Kosovo Verification Mission laid by the United Nations Security Council Resolution 1203[21] was adopted on October 24, 1998.

The agreement reached between Milošević and Holbrooke was a temporary response to the contingency and was far from an acceptable solution for the parties, especially the Kosovar Albanians. In fact the positions of the Serbs and Albanians were irreconcilable. Serbs were trying to hold as much power and troops in the region to avoid loosing control in the region, whereas the Albanians were expecting a full withdrawal of the Serbian forces from Kosovo. Albanians wanted the deployment of an international military force, preferably a NATO presence, in Kosovo to feel secure. But the OSCE representatives were unarmed and had only the limited task of verification of the compliance with the Security Council resolutions. As the OSCE observers had neither the enforcement mandate nor the capability, they were far from providing security for the Albanians. Moreover, only the humanitarian parts of the Security Council resolutions were basically monitored and there was not any reference to the political improvement of the Albanians in the Milošević and Holbrooke deal. Since Albanians were not politically satisfied and found the security measures insufficient, they did not give up armed struggle. Serbs hold the region in their hand and kept security forces within Kosovo went on fighting with the Albanians. In general the weak agreement could not provide the necessary environment of trust which would be a miracle regarding the terms of the deal. The ceasefire had a short life and the fighting began to intensify from December 1998 onwards.

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[20] The Organization for Security and Cooperation in Europe (OSCE), Kosovo Verification Mission, http://www.osce.org/e/kvm-fact.htm.

[21] United Nations S/RES/1203 (1998), 24 October 1998.
Also see http://www.un.org/peace/kosovo/98sc1203.htm.

On January 15, 1999, in Reçak, Serbian security forces killed at least 45 Albanians and this once again drew attention to the conflict being seen as the "symbol of the breakdown of the October agreement"[22]. International Community intensified its efforts after the implementation of the October agreement was not enough to bring stability to Kosovo.

The United States attempted to broker a new settlement between Serbs and Albanians. On January 29, 1999, the Contact Group members brought the parties together in Rambouillet to negotiate and agree on a political solution for the Kosovo issue within two weeks. The plan proposed by the contact group to the parties was called the "Interim Agreement for Peace and Self-Government in Kosovo"[23]. In fact, both the Serbs and the Albanians were convinced to sit at the table for an agreement by threats from the international community. The Serbs were threatened with the launching of NATO attacks, whereas the Albanians were threatened with the removal of international backing and the dropping of NATO intervention from the agenda[24]. The interim agreement offered in Rambouillet was drawing the lines of a self-governing entity with its own free legislative, executive, and judiciary bodies enjoying an independent election process. The Yugoslav government would have competence on territorial integrity, common market, monetary policy, security, foreign policy, customs services, federal taxation and federal elections. The functioning of the agreement and the parties' compliance with the United Nations Security Council resolutions would be assisted by a multinational military implementation force, which would be under the authority of NATO.

The Serbs objected to the interim agreement from the beginning. Their opposition was due to losing control in the region through the withdrawal of the Yugoslav forces, which would be replaced by a NATO peacekeeping force. This would mean that Yugoslavia could not have authority and sovereignty on some part of its territories. In addition to this, according to the agreement, the NATO force would be subject to privileges, even in parts of Yugoslavia other than Kosovo, like being immune from any legal responsibility before the local courts and more

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[22] A. Roberts, "NATO's 'Humanitarian War' over Kosovo", Survival, vol. 41, no. 3, 1999, p. 113.
[23] For the full text of the "Interim Agreement for Peace and Self-Government in Kosovo" see http://www.monde-diplomatique.fr/dossiers/kosovo/rambouillet.html. The agreement simply called as Rambouillet Agreement.
[24] Biberaj, op. cit., p. 265.

importantly they would have the right of inspection throughout Yugoslavia[25]. Especially the article covering the authorization of the NATO forces to enjoy with their vehicles "free and unrestricted passage and unimpeded access throughout the Federal Republic of Yugoslavia including associated airspace and territorial waters"[26] was unacceptable for the Yugoslavs which would mean a full NATO reach all over their territories, air space and territorial waters without their permission. Also the article added to the last chapter of the interim agreement, three years after the agreement's entry into force an international conference planned to determine a mechanism for the final settlement for Kosovo on the basis of the will of the people and the Helsinki Final Act[27]. This was also seen by the Yugoslavs as an article to get control of Kosovo by the international community in order to open the way for a possible independence referendum in Kosovo.

In fact the Albanians were also reluctant to sign the agreement, as there was not any reference to possible independence. The Albanian delegation consisted of different factions of the Kosovar Albanian leadership. The representatives of the international community resorted to the help of Albania in order to unite the Kosovar Albanian leadership for a common point, which was expected to be other than independence[28]. Although the agreement did not directly coincide with their interest, the Albanians accepted it in principle on February 23, 1999. This tactical move provided a strong hand to the Albanians. By accepting the agreement, they were at least not the ones who would be responsible for the hindrance of a solution to the Kosovo issue. On March 15, four Albanian representatives including LDK leader Rogova and KLA political leader Hashim Thaci signed the Rambouillet accords. Yugoslavia refused to sign the agreement and on March 19, 1999 the OSCE monitors began to leave Kosovo. On March 24, 1999 the NATO bombardment started with the launching of the "Operation Allied Force".

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[25] R. Blackburn, "Kosovo: The War of NATO Expansion", New Left Review, no. 235, 1999. The related articles are in "Appendix B: Status of Multi-National Military Implementation Force" part of the "Interim Agreement for Peace and Self-Government in Kosovo", Article 7.

[26] "Appendix B: Status of Multi-National Military Implementation Force" part of the "Interim Agreement for Peace and Self-Government in Kosovo", Article 8.

[27] The related article is in the "Chapter 8: Amendment, Comprehensive Assessment, and Final Clauses Article I: Amendment and Comprehensive Assessment" part of the "Interim Agreement for Peace and Self-Government in Kosovo", Paragraph 3.

[28] Vickers, op. cit., p. 36.

The NATO bombardment brought the legitimacy questions of intervention to the international agenda. As the United Nations Security Council resolutions did not authorize an armed intervention, unlike the Somalia and Bosnian cases, the legal basis of the NATO action was criticized[29]. The allies argued that the Serbs' violation of the United Nations Security Council resolutions based on Chapter VII of the United Nations Charter provided "sufficient ground for NATO to undertake military action"[30]. Russia and China rejected the NATO action basing their argument on the idea that only the United Nations Security Council has the authority to "'decide the use of force or authorize resort to use force'"[31]. The question of "non-intervention norm" also raised during the debates on the NATO intervention in Yugoslavia[32].

As Yugoslavia did not accept the agreement, they intensified their repression in Kosovo. Serbs resorted to violence in order to move the Albanians out of the Kosovo territories. Thousands of Kosovar Albanians had to leave their homes and were forced to walk out of the region to go to Albania and Macedonia, which alarmed the two countries. The number of refugees flowing to the borders was exceeding the physical and economic capacities of Albania and Macedonia to cope. During the bombardment, Albania received more than 450,000 refugees and Macedonia nearly 250,000[33].

While the NATO operations were continuing, NATO declared the requirements to be fulfilled by Yugoslavia for halting the bombardment as stopping all military action, withdrawing all military and security forces from Kosovo, consenting to the stationing of an international military presence in Kosovo, and providing safe return for all refugees and displaced persons[34].

Although Albania had to face hard times during the crisis, the international intervention resulted in a positive way for Albania. Albania welcomed the refugees in the northern part of the country. The mainland Albanians got much sympathy and appreciation from their kin for their help in time of need. Albania's image in the international arena, which had a very bad reputation due to the 1997 crisis, began to

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[29] B. Orend, "Crisis in Kosovo: A Just Use of Force?", Politics, vol. 19, no. 3, 1999, p. 125.
[30] Guicherd, op. cit., p. 26.
[31] Ibid., p. 29.
[32] Roberts, op. cit., p. 104.
[33] Biberaj, op. cit., p. 267.
[34] NATO Press Release S-1(99)62, Statement on Kosovo, 23 April 1999. http://www.nato.int/docu/pr/1999/p99-062e.htm.

recover and Albania's prestige increased considerably in the eyes of the international community[35]. Albania by remaining out of the conflict contributed to the containment of the conflict, which opened the way for the provision of international financial assistance and aid. Also Kosovar Albanians contributed to increasing economic activities in the country.

Albania also got a NATO security guarantee in case of a Yugoslav attack against the country. This was a policy achievement for Albania. Albania sought for its security any kind of NATO involvement in the country and tried to get a preferred partner treatment from NATO[36]. Albania opened its territories for the deployment of NATO forces during the NATO bombardment[37]. In fact, Albania had been proposing NATO to deploy its troops and use Albanian facilities for a long time even before the eruption of the Kosovo conflict. This proposal was renewed in the early days of the escalation of the conflict in Kosovo which envisaged the deployment of troops to Albania's northern border with Kosovo, but this was not considered positively at that moment[38]. NATO deployed troops to Rinas Airport close to Tirana to facilitate the distribution of humanitarian aid and 24 attack helicopters to secure the region. Albanian government perceived the NATO presence as vital for the protection of the country in the case of Yugoslav aggression since the Albanian army was not capable of defending the country, especially after the 1997 crisis, which had deeply harmed the already weak Albanian army. Also since the government could not fully exercise its authority in northern Albania and perceived the KLA presence as a potential destabilizing factor, the NATO presence would be useful to reestablish the exercise of state power in the region.

The enthusiasm of Albanians for NATO and the international community's presence in the country opened the debate of foreign influence in the country and the possibility of being a NATO protectorate[39]. There were discussions about the

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[35] F. Schmidt, "Albania's New Environment", Radio Free Europe/Radio Liberty (RFE/RL), vol. 3, no. 146, Part II, 29 July 1999, http://www.rferl.org.

[36] "Milo: U.S. to Carry out Big and Serious Investments", 1999, Albanian Observer, vol. 5, no. 5, 1999, p. 3.

[37] "Albania Formally Offers Bases for NATO Air Strikes", Albanian Observer, vol. 4, no. 10, 1998, p. 9.

[38] "U.S. Not Considering NATO Deployment in Kosovo", Albanian Observer, vol. 4, no. 4, 1998, p. 16.

[39] The OSCE Ambassador to Tirana Daan Everts in this period said that "It seems Albania is becoming NATO's first protectorate". "Albania Might Become NATO Protectorate", Albanian Observer, vol. 5, no. 5, 1999, pp. 10-1.

establishment of a European Union protectorate on Albania that would govern the economic relations and NATO would be responsible for the security of the country[40]. In addition to this, Albanians hoped to get an economic recovery aid package, referred as a Marshall Plan, after the ending of the conflict in Kosovo as they got aid from international donors after the 1997 crisis[41]. Albania, in fact, really suffering from the sudden influx of more than 400,000 refugees, had the opportunity to get international aid. In addition to individual donors, the international financial institutions also began to prepare financial assistance for Albania. On May 26, 1999 Emergency Joint G24/Consultative Group gathered in Brussels to discuss the impact of the Kosovo conflict on Albania and to provide financial help to Albania. The financing need of Albania for 1999 as the consequence of the crisis was determined as US$ 160 million[42]. The Albanian Ministry of Finance estimated the total cost of the humanitarian crisis as US$ 800 million, of which US$ 150 million represented the direct cost of supporting the budget[43]. At the end of the meeting the international donors pledged to support of US$ 200 million to Albania for 1999[44]. In July 1999, the IMF expressed its concerns over the negative impacts of the Kosovo crisis on macroeconomic indicators like growth, inflation rate, and balance of payments and stated for additional financing which would be provided by the donors meeting in late May 1999[45].

On June 3, 1999 Slobodan Milošević accepted the peace deal and the Kosovo crisis entered a new phase with the deployment of an international force in Kosovo. Although the sovereignty and the territorial integrity of Yugoslavia was stated with the United Nations Security Council resolutions, Kosovar Albanians strengthening clearly their position vis-à-vis the Serbs began to raise up their voice for independence. Taking into account the international military force's presence in

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[40] "An Albanian Protectorate: Why, How and When Will It Happen", Albanian Observer, vol. 5, no. 6, 1999, pp. 10,12.

[41] "Do Albanians Believe in a Marshall Plan?", Albanian Observer, vol. 5, no. 6, 1999, pp. 10,13.

[42] Albania: Emergency Joint G-24/Consultative Group Meeting, May 26, 1999, "The Impact of the Kosovo Conflict on Albania". Report prepared by the European Commission, World Bank and the IMF.

[43] A. Angjeli, "The Political Impact and Economic Cost to Albania of the Crisis in Kosovo", Mediterranean Quarterly, Summer 1999, p. 11.

[44] "Emergency Joint G-24/Consultative Group Meeting for Albania Chairmen's Conclusions" http://www.seerecon.org/Calendar/Cal-26-5-99-Albania-conclusion.htm.

[45] "Albania: The Economic Impact of the Kosovo Crisis". Report prepared by the Europe and Central Asia Region of the World bank for the Sector Donors Meeting, July 9, 1999.

Kosovo, their desire is not probable but still Kosovar Albanians are making their ultimate goal for the future.

In the aftermath of the Kosovo crisis, with the strengthening of the Albanians in the region a debate on the ideal of "Greater Albania" began. In fact, for some, considering the past division of the Albanians in adjacent regions, the unification of the Albanians and the Albanian inhabited territories seemed to have more possibility to be realized in the post-intervention environment. Especially the Kosovar Albanians after NATO intervention considered themselves as in the ever-closest position to independence.

In fact, another problem was the Macedonian Albanian's position within the changing environment of the Balkans. The Macedonian Albanians with their population in Macedonia were an important part of the Macedonian society. Due to the volatility of the Macedonia's state consolidation process after the dismemberment of Yugoslavia, Albanians appeared as important actors in this process. The Albanians were seen by the Macedonians as a potential factor of instability in case of an increase in Albanian nationalism among the Albanians living in Macedonia leading to possible secessionist ideas which would directly threaten the territorial integrity and the stability of the country. The Macedonians acted carefully to keep a control over the Macedonian Albanian community while trying to satisfy their demands by including them into the political processes to represent their interests.

Albania despite its nationalistic approach to the Macedonian Albanians at the beginning, taking into account the importance of the stability of Macedonia in contributing to regional stability and the United States' warnings to not pursuing regional nationalist aspirations, then adapted a policy of good neighborly relations with Macedonia. Although establishing close communication with the Albanian leadership in Macedonia, Albania refrained from any action to destabilize Macedonia as the dissolution of Macedonia would be a far reaching problem for Albania, considering possible changes in the borders and regional balances which would not favour Albanians. For the Macedonians the major problem with Albanian nationalism was related to the Kosovo problem. Unlike their relationship with the mainland Albanians, the Kosovar Albanians and the Albanians living in Macedonia kept contact within Yugoslavia. Both communities were close to each other and

Albanian nationalism in Macedonia was fed by Kosovar Albanian nationalism both ideologically and materially. Hence the Macedonians were more concerned with the developments in Kosovo rather than Albania. Although Macedonia had been affected by the instability occurring in Albania during the 1997 crisis, the major threat they perceived was the Kosovo issue. During the Kosovo crisis, Macedonia had to face a major influx of refugees from Kosovo. This development turned into an important problem considering its impact on interethnic relations in Macedonia with a remarkable increase in the number of the Albanians in the country and the financial burden of the refugees to the country. Despite their harsh treatment to the Kosovar Albanians, Macedonians handled the crisis successfully with the help of the international community and the refugees returned to their homes after the NATO intervention. But, the post-NATO intervention environment that appeared in Kosovo did not relax the Macedonians, as the possibility of the realization of Kosovar Albanians' demands for independence increased, at least in the long term. The intention of participating in an independent Kosovar Albanian entity which might be aroused among Albanians living in Macedonia was perceived as a threat to the integrity of Macedonia.

In fact, the developments in Yugoslavia and Kosovo brought regional relations to a new phase. Although the new circumstances put the question of "Greater Albania" onto the agenda, the realization of this idea is very problematic with its regional and international reflections. The realization of Greater Albania requires a change in the internationally recognized boundaries in the Balkans, which would pave the way for legitimizing other attempts at changing the borders in the region which would further hamper the already volatile situation in the region. The change of borders would not contribute to the security of Albania, which has been suffering from domestic instabilities. Moreover, the desirability of a possible unification of the Albanian inhabited lands in the Balkans is a matter of question due to the political, economic and social differences among different Albanian communities, especially between the mainland Albanians, and the Kosovar Albanians and Albanians living in Macedonia. Also, the Kosovar Albanians who had developed a functioning parallel state system in the past and would already be participating in the political and administrative processes in Kosovo would be unlikely to sacrifice all their achievements on their way to self government and

independence for a unification ideal which is not clear on what it will bring them in the future. Albania's security and stability is closely tied to regional stability. In this sense, as long as Albania's weakness keeps on, even if it has the intention, it cannot take steps like a possible unification of all Albanians in the region at the expense of its interests.

CHAPTER VI

CONCLUSION

The transition processes experienced in Albania after the end of the communist party rule and the introduction of the liberal democracy were problematic. The liberal policies taken for granted for application in the political and economic transition processes, in time, resulted in various crises. The political instability and the economic difficulties culminated into crises paralyzing the state-society relations. The extent of the crises had an overall impact on Albania that made the transition process a traumatic one. People were not satisfied with the changes; to the contrary their economic welfare and even their physical existence were threatened with the instabilities in the country. Despite its willingness and enthusiasm, Albania failed to achieve a successful transition.

Historical development of the Albanian state had an important influence on the transition process of post-communist Albania. The weakness of the Albanian state has been a major problem since its establishment. Historically, Albania was politically instable, economically underdeveloped and socially fragmented. The state formation process was shaped by attempts for consolidation of political power and the rule under strong state with strong leadership. The post-communist state was also vulnerable to external influences due to its weakness. In this period, limited attempts to establish democratic rule could not be successful because of social resistance and attempts of leaders to establish authoritarian rule. Ahmet Zogu, after crowning himself the King of Albania, ruled the country under his authoritarian rule where he gathered most of the political and economic power in his hands. He allocated the resources in order to buy off loyalties of the people. Although he initiated modernization, Zogu could not establish a full-fledged strong state by challenging

the traditional power centers like clans and the landowners. He also could not strengthen the state, which could resist foreign influences; to the contrary, he had to cooperate with foreign powers in order to secure his rule domestically with the financial help provided in exchange of economic and political concessions. Albania was not integrated into the capitalist economies to a large extent and traditional economic activities – agriculture and animal husbandry - constituted the bulk of economic life. Following foreign occupation during WWII, partisans, who led the resistance movement during the war, gained power in the country and established the communist party rule in Albania. The communists consolidated their rule by destroying the traditional power bases by forceful means. The communist project to transform the country introduced its way of modernization in the country. Despite the ideology, which the communists put forward and different methods that they applied, the authoritarian rule continued with a trend towards a totalitarian dictatorship. The communist state apparatus and the cult leader Enver Hoxha aimed to strengthen the state, which would have full authority on every aspect of public and private life with suppression. The political power was concentrated in the hands of a small nomenclature that shaped the country. After establishing their control, the communists began to realize changes in the economic realm. In order to overcome backwardness in the country, industrialization was seen as the only solution. The State also established control over all economic activities by expropriating all private business and property. Albanian leadership also resorted to establish patron-client relationship with the stronger states in order to get economic and political assistance by exploiting the Cold War ideological confrontations. After some time, with changes in the international and domestic circumstances, Albania shifted its policy to autarchy and isolationism.

The need for change in the communist party rule and communist policies, particularly in the economic realm, appeared clearly towards the end of 1980s. The limited attempts for change within the system proved to be inefficient and could not prevent the downturn in the economy. The changes that began in the communist party rules in Eastern Europe opened the way for transformation in Albania as well, despite the Albanian reluctance to do so.

The 1990s started with first transformation attempts in Albania. The first step taken was an attempt to escape form the isolationist policies. This was followed by first democratization attempts and economic liberalization.

The transition in Albania was characterized by the liberal policies implemented for transition to pluralist democracy in the political arena and transition to free market economy in the economic realm. At this point, the historical experiences of Albanians influenced these policies. The implementation of the liberal transition processes composed of often simultaneous multidimensional processes in different aspects of political, economic and social lives of the Albanians, including roles, mentality, policies, interests and values, necessitates at least a limited experience or familiarity with liberal tradition. Albania severely lacked both the democratic culture and the capitalist experience with markets, which would be essential in the transition process. Moreover, the state was weak and its legitimacy began to be questioned by the people. The communist party rule had resorted to suppressive methods and ideological propaganda in order to sustain its legitimacy, but in the post-communist era there appeared a legitimacy and authority vacuum in the society.

The political élite was basically divided into two to form the new cadres of two different parties, which led to polarization between anti-communist and ex-communists. The party politics was determined by historical reference to the communist party rule. The Albanian Labour Party, keeping most of its cadres, was transformed into the Socialist Party. The anti-communists gathered around the Democratic Party, which was the first opposition party established in Albania. It united different parts of the opposition under its umbrella.

Since the beginning of the formation of the pluralistic democracy, the elections were expected to reflect the free will of the people. The elections were manipulated by the political parties for their political purposes. The elections were perceived by the ruling parties as instruments to legitimize the continuation of their governance. The ruling parties resorted to utilize all state means to influence people and to suppress the opposition.

As during the previous authoritarian rules, the intellectuals were kept under tight control and flourishing of civil society was prevented, the civic consciousness

and means to criticize the state authority could not be developed. The lack of civil society became a negative factor in the democratization of Albania. As the checks and balances system did not exist in the country, the governments could exercise anti-democratic policies.

The political power was transferred from the communists to the opposition with the 1992 elections. The DP came to power and its leader Sali Berisha became the president. The new president and the government were considered as the committed initiators of the transition in the country. The international community and particularly the United States vividly supported the DP and its leadership for the rapid introduction of economic reforms and democratization. The DP came to power with an overwhelming popular support. It was seen as a hope to change the desperate situation of the country.

The international community furnished the DP and Berisha with much needed financial aid and supported Berisha politically as well for the successful transition of Albania. For Berisha, it was essential to strengthen the state in order to implement the liberal policies effectively for the transition. Berisha personally took the lead in the implementation of the transition policies.

Different reforms were launched to establish democratic institutions, however the institutionalization of the rule of law and the application of the separation of powers principle could not be realized due to the DP's exploitation of these processes. As the people had lived under a totalitarian dictatorship with limited rights and freedoms, it was important to establish and institutionalize rule of law in order to get the loyalty and trust of the society for the newly introduced liberal system. During the DP rule, the legislation and executive powers closely worked together. This was tolerated to an extent as part of functioning of strong state, but DP acted beyond the democratic principles. Particularly, the judiciary, which was under the communist control during the communist party rule, was dominated by the DP rule in the post-communist era instead of being independent. This was also perpetuating the authoritarian rule, sweeping away any hope for just and fair judiciary.

With the intention of expanding presidential executive powers, President Berisha and the DP proposed a draft constitution. This was refused by popular vote in a referendum. People did not want the concentration of executive powers in the hands of a single leader. Although the country was in need of a new constitution, the

uncooperative attitudes of the parties hindered the drafting of a new constitution. As a new constitution could not be introduced the framework of the rules and regulations were determined by the amended communist constitution. Since a new constitution could not be created in accordance with the democratic principles, people's belief in the democratic process was harmed.

Exploiting the merits of the support for the strong leadership, President Berisha began to rule Albania in an authoritarian manner. Contrary to working to expand the freedom of right, he prevented the emergence of civil society. Similarly, pro-DP media was used to limit the opposition. Instead of the institutions, Berisha began to present his personality as the initiator and the guarantor of the democracy in Albania. Not only did he suppress the opposition parties, but also he did not tolerate criticisms coming from his own party, the DP. This led to an important split in the DP.

The parliamentary process faced different boycotts of the opposition as a reaction to the increasing authoritarianism in the country. In this period, the international community halfheartedly criticized Berisha's authoritarian tendencies and did not withdraw their support considering him as the only strong figure in Albania to realize transition. The continuing support of the international community, basically in line with their policy of prevention of new conflicts in the Balkans during the war in Bosnia Herzegovina, provided an environment for Berisha to further increase his control on the country with authoritarian means. The democratization and the strong leadership dilemma's reflection embodied itself in the Albanian transition case as the delicate balance between the two reproduced authoritarianism. The lack of democratic tradition and existence of the authoritarian experiences paved the way for the shifting of democratization process to authoritarianism.

The power and the resource distribution, which had been concentrated in the state distributed through the nomenclature, entered into a new phase in the post-communist years. The DP after taking the power changed most of the state cadres. The communist party cadres were replaced by the DP supporters. The resource reallocation process was used by the DP for the consolidation of its power. The DP established patronage on people and offered money, post or both, in order to secure their allegiances. Nepotism also was widespread in Albania where family and clan

relations had already been strong. People close to the DP leadership were placed to important posts in the state structures. The DP especially dismantled and then replaced the cadres in the military and security forces in order to secure its rule. The politicians also used the economic means to strengthen their support bases. In the same fashion, the APL had favoured its supporters during the first wave of the privatization while the DP used the same means in the following ones. The leading political parties were also believed to have links with the criminal organizations providing funds to the parties in exchange of ignorance of illicit trade in the country.

After the introduction of the multi party system in Albania the two dominant parties of the political arena, the DP and the SP, tended to keep and if possible to consolidate their position against each other. The leading parties, the DP and the SP, determine their positions contrary to the positions of one another. The DP and the SP cooperation was very rare, reconciliation or a compromised solution was remote due to the high intensity of rivalry between the two. Their leading figures were very important in the Albanian domestic politics. The party and the people's interests were embodied in the personalities of the leaders. The over-personalized politics often blocked the political progress in the country. The personal enmity between the DP leader Sali Berisha and the SP leader Fatos Nano dominated the domestic politics throughout the transition process.

The political revanchism has been a means in the politics used by the ruling parties in order to take revenge of the suppression employed by the other party during its rule. The DP after coming to power resorted to bring the communist party rule leadership before the courts in order to execute them for their responsibilities for the "crimes committed by the communist party rule". Similarly the SP activated the courts for security forces brutality against the opposition during the DP rule.

All of the Albanian elections in the post-communist era were contested. The ruling parties used state facilities during their campaign and kept the opposition under control by erecting different obstacles to the handling of their campaigns. The way that the elections were held was also far from matching the universal standards. The elections were mostly rigged and considered to be fraudulent. As the people considered the elections fraudulent, their belief in democracy and the institutionalization of democracy in the society was hampered.

The liberal democracy introduced in Albania faced various difficulties in its establishment process as the Albanian society lacked the experience in pluralist liberal democracy. Instead, the authoritarian tradition found fertile ground for perpetuating in the post-communist Albania.

The economic transition was no less problematic than the political one. Liberal policies were applied in the economic realm to transform the centralized command economy to a free market economy. Albania lived under a communist party rule, which had outlawed all kinds of private economic activity and expropriated all private properties. The Albanian society was not very familiar with the capitalist relations and market economy before the communist rule as well. The lacking historical experience with capitalism and market appeared as an important obstacle in the institutionalization of free market economy in Albania.

The economic transition models and programs offered by the international community and the international financial institutions to the ex-communist countries in the Eastern Europe were almost the same. As a supplementary to liberal democracy in the politics, free market economy became a model for the countries in transition. This was facilitated and applied by the financial and the technical assistance of the international financial institutions. The process and the application of the model were similar in Albania.

Albanian leadership had realized the need for economic change but could not realize the changes due to the resistance of the communist party cadres to change. However, in the post-communist period, after the DP came to power, they had found the necessary environment conducive to the changes in economics. There was high public support for the changes and the international community and the international financial institutions were ready to provide the funding for transition to free market economy.

The DP leadership opted for a rapid transformation of the economy with the implementation of "shock therapy" model. The structural reforms were introduced to realize the three pillars of the transition to market economy; liberalization, stabilization and privatization.

Albania took the necessary steps determined by the international financial institutions for the structural reforms and achieved macroeconomic stabilization in time. But this achievement was in expense of major losses in production. Albanian

government's cutting of the support for the state owned industries caused a drastic fall in the industrial production and an increase in unemployment. Albanian industry could not transform itself from an import substitution to an export oriented one and could not be a revenue source for the state. The foreign investors did not prefer Albania to invest in due to the political instability and lack of market with purchasing power. Albania virtually became dependent on foreign economic aid. Since there was not an entrepreneurial class and accumulated capital in the country, the shortage of capital in the country became a major problem. In this era, remittances from the Albanians working abroad, the money from illicit trade, money laundering and breaking of the United Nations sanctions imposed on Yugoslavia by smuggling, constituted the major sources for survival of the economy. Albania, because of its inefficient system, could not collect the tax and customs revenues and lost an important amount of revenue for the public finance. As the reforms in the financial system were not realized, an alternative informal financial system emerged. The so-called pyramid investment schemes, which offered high interest rates to people's savings soon gathered important amounts of money. The Albanian economy became a rentier in time and people began to live with the interests of their money that they invested in the pyramid schemes. This informal financial system, tolerated by the government, would soon collapse.

The lack of capitalist tradition and people's perception of unregulated form of economic liberalism caused one of the most important economic and political crises ever experienced in the transition countries. Although the economic reforms and liberalization were launched, the necessary institutionalization could not be achieved in the country parallel to the economic developments. The necessary legal arrangements for the regulation of the free market economy had not been launched simultaneously with the material part of the reforms. The legal loops provided opportunity to the people who wanted to exploit the economic transition process and the uninstitutionalized reforms.

When the pyramid investment schemes ceased to function, an economic collapse began in the country. As the political leadership did not possess the necessary knowledge to deal with this kind of economic crisis, and refrained from taking the required measures with the political considerations, the crisis turned into a violent popular uprising.

People directed their reaction to the state as most of them had a unique image of the state and the government in their mind. The already problematic state-society relations came to a critical phase. People who had lost their life-long savings and suppressed by the authoritarian regime rebelled against the government. The government failed to put down the popular riots. Following the looting of the arms depots, the riots turned into violence and anarchy threatening the domestic security of the country. Albanian government after establishing an all-party national reconciliation government had to call for international help. An international force was deployed under the United Nations mandate to help the distribution of humanitarian aid in Albania. This also contributed to the reinstallation of public order.

The regional instabilities too, directly influenced Albania in its transition process. The dismemberment of Yugoslavia deeply affected all of the Balkan countries, especially Albania. The Albanians living in ex-Yugoslavia, basically in Kosovo and Macedonia, became a major problem. Albania was forced to limit its nationalistic tone and its support for the Albanians in Kosovo and Macedonia. The international community and particularly the United States had forced Albania not to bring the issue to the international agenda during the Bosnian war. Albania received financial assistance for keeping a low profile and not pressing for the Albanian national question. But after the war in Bosnia Herzegovina, with the escalation of the conflict in Kosovo, many Kosovar Albanian refugees started to flee to Albania. This would lead to a NATO-led intervention to the Kosovo problem and equally significant, the whole process would reopen the question of "Greater Albania". Hence, Albania entered into a new phase in its regional relations.

In the transition process Albania aimed to change its overall old structures shaped by the Stalinist communist party rule existing during the Cold War. Albanian leadership tried to institutionalize western model democracy and free market economy. But despite its willingness the model offered by the international community was not properly compatible with Albania's special circumstances. Albania, suffering from the necessary experience and tradition, had to face important challenges during the implementation of those policies. Albanian historical legacies, like authoritarian tradition, found itself a ground to perpetuate due to the strengthening of the state and leadership for the purpose of easing the

democratization process in the country. The continuation of the historical legacies of Albania since its state formation process is striking. The transition process cannot thus be excluded from the impacts of the historical development of Albania.

The transition brought about so much instability and uncertainty for the Albanians. Albania is still away from political stability and economic transformation. Despite its traumatic experiences in the transition processes, it seems that Albanians do not lose their commitment for change. Yet, there seems to be no alternative to it.

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