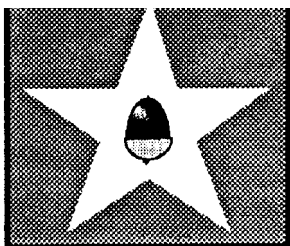


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Dr M A Smith

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ALBANIA 1997-1998

The parliamentary elections of 1996 resulted in a convincing victory for the Democratic Party (DP) under the leadership of Sali Berisha, who had been president of Albania since 1992. The DP enjoyed the strong support of the electorate, and so the outcome of the election was an accurate reflection of the electorate's view, despite the fact that campaigning and voting in some regions were marked by intimidation and irregularities.

It appeared in 1996 that the DP would be likely to dominate Albanian politics as the ruling force for the foreseeable future. However this picture changed dramatically in 1997 with the collapse of various pyramid saving schemes and the resultant social unrest that led to a virtual meltdown of the state and a change of government.

THE COLLAPSE OF THE PYRAMID SCHEMES¹

A significant proportion of the Albanian population had invested a large amount of savings in various pyramid schemes. In early 1997, several of these schemes collapsed, in many cases wiping out people's savings. This led to large scale rioting throughout Albania. The DP was perceived by many to be linked with those who managed the pyramids, and much of the rioting came to be directed against the DP. In some areas, particularly the south, some elements of the main opposition, the Socialist Party (PS) exploited this mood. In many instances, rioters broke into police and army armouries and seized large quantities of weapons. The Albanian state lacked the ability to restore social peace. Criminal gangs seized control of the southern town of Vlora. In many regions of the country (particularly the south), public salvation committees were set up and usurped the functions of the Albanian state.

This instability had become the most significant challenge to the Albanian state since the collapse of communism. In March 1997 Berisha was forced to dismiss his prime minister Alexander Meksi and replace him with a member of the Socialist Party, Bashkim Fino. Several members of the PS were brought into the government, and this constituted a serious dilution of the political hegemony the DP had enjoyed since 1992. Berisha was forced to accept fresh parliamentary elections, which were set for June 1997. He also released from prison the PS leader Fatos Nano. In addition in March 1997 the EU approved sending a military mission to Albania to provide security for humanitarian operations. A multinational force under Italian leadership was sent in April 1997 and withdrew in August. Its activities became known as Operation Alba. The multinational force also provided security during the election campaign.

THE JUNE 1997 PARLIAMENTARY ELECTIONS AND THE NEW GOVERNMENT²

The Socialist Party emerged victorious in the June 1997 parliamentary election. It won largely as a result of a protest vote against the DP, who were blamed for the collapse of the pyramid schemes. The PS formed a coalition with the SDP, Democratic Alliance, Union for Human Rights, and Agrarian Party. Whereas the DP

had allowed the President to dominate the political system, the new government shifted the locus of power away from the presidency to the cabinet of ministers, which was led by the Socialist leader Fatos Nano. The new president Rexhep Meidani was largely a figurehead president.

The main objective of the Socialist-led government was to try to restore the Albanian state and socio-political stability. It has had some success in doing so. The Berisha government had faced a major threat of disorder in the south, where support for the PS was at its strongest. The change of government therefore reduced the disorder in the southern regions of the country, although criminal organisations still controlled much of the south. Local mafia groups still dominate the area, where they run drug smuggling and illegal immigration rackets. Bomb explosions still occur frequently in the south, particularly in the town of Gjirokastrë. Support for the DP is strongest in the north, and a short-lived mini-rebellion against the PS-led government occurred in the northern town of Shkoder in January 1998. However the government was able to restore order quite quickly.

Work began after June 1997 on rebuilding the police and other law enforcement agencies, as these had largely fallen apart during the pyramid riots. Several West European countries assisted in this process. The police are usually controlled by local mayors, many of whom are hostile to the government. This means that their effectiveness as a law enforcement agency is limited.

The government made little progress in gathering the arms that were stolen from armouries during the disturbances in early 1997. According to the Ministry of Defence, 656,000 weapons of various types were looted from army bases in March 1997, along with 1.5 million rounds of ammunition, 3.5 million hand grenades, and 1 million land mines.³ The former interior minister, Neritan Ceka, stated that only about 10% of stolen weapons had been retrieved. The government also faced the task of having to rebuild the armed forces.

However, whilst the Albanian state has been able to regain some of the controlling functions it lost in the upheavals of early 1997, the central government's control over the country remains extremely limited. Criminal gangs predominate in the south, and the Kosovo Liberation Army (KLA) probably enjoys greater power and influence in the north of Albania than the central government. Support for the DP is stronger in the north, and the KLA has far friendlier relations with the DP than with the PS. The central government's ability to enforce its will and maintain law and order outside of Tirana is at best limited.

THE FALL OF THE NANO GOVERNMENT⁴

The PS-led government has been able to muddle through since June 1997. Albania suffers from the lack of a credible opposition force. The DP has refused to sit in parliament since the June 1997 elections, and it still lacks support among the electorate in view of its perceived connection with the pyramid funds. The PS has been accused of corruption and cronyism, not least by Neritan Ceka, the leader of the Democratic Alliance, and former interior minister, who also strongly criticised the former DP government for these faults. Ceka was dismissed from the government in April 1998, following a cabinet reshuffle. His criticisms of corruption made him a thorn in the flesh of the PS-led government. In July 1998 it was reported that there was dissatisfaction with Nano in some quarters of the PS for his toleration of corruption, and that there were attempts to remove him. Ceka's

successor as interior minister, Perikli Teta, resigned in protest at corruption. He stepped down as prime minister at the end of September 1998, and was replaced by Pandeli Majko, the secretary-general of the PS. Fighting corruption appears to be one of Majko's priorities.

THE DEMOCRATIC PARTY IN OPPOSITION

The attitude of the DP towards the PS-led government is a major factor influencing political stability in Albania. Since June 1997, the DP has been unable to come to terms with its electoral defeat, and is extremely bitter about its loss of power. It has refused to take up its seats in the parliament, and has ignored the urgings of international organisations to reconsider its attitude. There are some indications that some elements in the DP may be willing to use extra-parliamentary methods of struggle in an attempt to regain power.

In August 1998 the DP was reported as saying it would use methods of opposition other than democratic ones against the government. The DP member of parliament Azem Hajdari was quoted as saying 'the call "Boys take up arms, death or freedom" is also relevant today'. Sali Berisha stated that 'if our demands are not met by 31st August besides peaceful protests and democratic means, we will respond to the government with all forms'. In September Azem Hajdari was shot dead in Tirana. His murder led to an attack on the building of the cabinet of ministers in Tirana by a crowd protesting the murder of Hajdari. They later seized five tanks and stormed the TV station. These protestors were believed to be DP supporters. Berisha did call for more anti-government protests, and his attitude towards the Nano government created the impression that the DP would use force where feasible to weaken the PS-led government's grip on power. The PS regarded the events of September 1998 as an attempted coup by the DP. Since the replacement of Nano by Majko, mixed signals have come from the DP about its willingness to conduct a dialogue with the new government. Berisha and Majko met at the end of December 1998, and both gave positive assessments of the meeting. However, the DP refuses to take up its seats in parliament, although other centre-right parties have done so. It also refuses to recognise the new constitution approved in the November 1998 referendum.

CONSTITUTIONAL REFORM

Constitutional reform has had a tortured history in post-communist Albania. The constitution drafted by the DP under Sali Berisha was rejected in a referendum in 1994, and the PS opposition refused to cooperate with the DP in drafting a new constitution. Since the change of government, the DP has refused to cooperate with the government in the drafting process. However in October 1998 the opposition Union for Democracy (which includes the DP) stated that it was prepared to participate in the drafting process. The DP continued to refuse, however. The draft was approved in a referendum in November 1998, and signed into law by the president in the same month. The DP refuses to accept the new constitution or the legitimacy of the referendum.

THE ECONOMY

The economic situation remains dire. Although an international conference on aid organised by the Italian foreign ministry in July 1997 promised about \$600 million, there is little evidence that this visibly improved the situation of most Albanians. The instability of 1997 obviously deterred foreign investors, and the inability of the state to function effectively continues to deter them. Privatisation legislation was enacted in March 1998. In September 1998, the then minister of finance Arben Malaj announced results for the first 8 months under the IMF programme. The year on year inflation rate was 16.5% in September, and the fiscal deficit was down to 6.8% of GDP, compared with 11.4% in December 1997. The September 1998 riots did not reduce economic activity as much as the 1997 upheavals, but these riots further deterred foreign investment, already put off by political and social instability and pervasive corruption. Military action in the border zones with Yugoslavia and the inflow of refugees from Kosovo has also had an adverse effect on the economy.

THE KOSOVO CRISIS: ITS IMPACT ON ALBANIA

The intensification of the armed conflict in Kosovo in 1998 has inevitably had a strong influence on Albanian political life. The looting of arms from Albanian police and army armouries in early 1997 during the pyramid riots provided the KLA with a ready source of small arms. These have been smuggled across the border into Kosovo. The KLA maintains training facilities in northern Albania, and there are estimated to be about 20,000 Kosovo refugees in northern Albania. Some Kosovan refugees who fled to Montenegro have been sent by the Montenegrin authorities to Albania, as they have been unable to cope with the influx. This obviously adds to Albania's problems.

The Kosovo conflict has raised serious questions about the security of Albania's borders with Yugoslavia. The Yugoslav authorities have stated that Kosovan Albanian terrorists have come across the border from Albania into Yugoslavia, and they have also stated that Kosovan Albanian terrorists have smuggled arms across the border. In turn Tirana has accused the Yugoslav army of shooting and shelling across the border and of sending troops into Albania. Border incidents have resulted in casualties. Albania has reinforced its forces along the border with Kosovo, but she lacks the capability to defend her borders effectively. In June 1998, the then Albanian premier Fatos Nano wrote to the NATO Secretary-General, Javier Solana, requesting the deployment of NATO troops on the border. Nano also requested humanitarian aid from NATO in June to help cope with the refugee situation. In July 1998, the OSCE opened a regional office to monitor the Albanian-Yugoslav border.

Albania has been supportive of the policy of the major western powers over Kosovo. She supports the UN sanctions imposed on the Federal Republic of Yugoslavia (FRY) over Kosovo, and made military facilities available to NATO. In June 1998, NATO held air exercises over Albania and Macedonia in a clear attempt to signal to the FRY leadership that it should not threaten the security of these states.

The Albanian leadership supports the right of the Kosovo people to self-determination. In January 1998 foreign minister Paskal Milo denied that Albania supported the KLA, and instead stated that she supported the leadership of Ibrahim Rugova in Kosovo, which was committed to a peaceful struggle for independence.

In May 1998, Fatos Nano stated that he opposed the use of terrorism by Kosovan Albanians and called on the Kosovan Albanian leadership to adhere to OSCE norms. He also stated that he supported Kosovo becoming a third republic within the Yugoslav federation. This view was repeated several times by Nano and Milo, and was the declared policy of the Nano government towards Kosovo. This stopped a long way short of recognising Kosovo as an independent state, and so contrasted with the 1991 decision of the Albanian parliament to recognise Kosovo as independent, following a referendum in Kosovo that year.

This policy may be said to be a "half way house", as it would provide Kosovan Albanians with an autonomy equal to that of Serbia and Montenegro, yet not dismember the Yugoslav federation, a development to which the West and Russia are opposed. At the same, it would in the long term offer Kosovo the hope that it could legitimately become independent, as a Kosovan republic could theoretically do what other former Yugoslav republics did in 1991-92, namely secede from the Yugoslav federation. By taking such a stance the Nano leadership hoped to avoid antagonising both the Kosovan Albanian leadership and Belgrade unduly, and also avoid any conflict with the western policy objective of avoiding the break up of the FRY. Albania is not presently strong enough to risk antagonising Yugoslavia by overtly supporting Kosovan separatism, and her desire to integrate with the West means that Tirana cannot oppose western policy goals.

Albanian policy is therefore cautious, favouring the right of Kosovo to self-determination, calling for a negotiated settlement, and calling for the right of all major Kosovan political forces, including both the KLA and the Rugova leadership to be represented in negotiations with Belgrade. In November 1998 Paskal Milo stated that the time was not yet ripe for Kosovo to become independent, and Nano argued in September that there should be a transitional period for Kosovo before her final status is determined. The Albanian leadership has also argued for a Dayton-type settlement for Kosovo, which would presumably give international endorsement to such a transitional period. The Albanian leadership opposes the Holbrooke-Milosevic accords of 12 October 1998, presumably because Kosovan Albanians are not party to the accord. The accord also appears to make no concession to the Kosovan Albanian desire for self-determination. Tirana has nonetheless supported the deployment of OSCE verifiers in Kosovo and called for all Serb forces to withdraw from the province. Tirana has supported the Paris peace talks on Kosovo, which began in February 1999, and welcomes the intention of the Kosovan Albanians to sign up to this agreement, which gives Kosovo a high degree of autonomy. The Albanian leadership has also called upon NATO to pressurise Belgrade into signing this agreement. If there is renewed fighting in Kosovo between Kosovo Albanians and Serb forces, Tirana is unlikely to become involved, but will press for NATO intervention.

In the past the DP was a stronger supporter of Kosovan Albanian aspirations, and in September 1998, the head of the Macedonian intelligence service Vlado Popovski said that DP leader Sali Berisha was closely linked to Kosovan paramilitary formations based in northern Albania. However in an interview in August 1998 he rejected the decision of the Albanian parliament to recognise Kosovo's independence in 1991 and also rejected the notion of a Greater Albania. The DP thus appears to have shifted closer to the stance of the Majko government.

FOREIGN POLICY

The Nano and Majko governments' foreign policy priorities are broadly similar to those of the previous Berisha administration. Broadly speaking the current Albanian leadership desires to integrate with Euro-Atlantic structures. Albania hopes eventually to become a full member of NATO and the EU. Due to her parlous economic state, and the weakness of her state institutions, plus the security threat caused by the Kosovo crisis, Albania is heavily dependent on economic and military aid. It is doubtful whether Albania could survive without such aid. Various western states have helped Albania rebuild her police and armed forces since the collapse of the Albanian state in 1997. The EU has also been running anti-corruption programmes in Albania. The UN has also organised a programme to collect weapons seized during the 1997 riots that followed the collapse of the pyramid schemes.

NATO is engaged in a programme to help develop the Albanian armed forces. It is possible that Italian forces may be brought in to help guard Kosovan refugee camps in northern Albania. Albania also has bilateral arrangements with several NATO and EU states which again provide her with military and economic aid. Greece has been engaged in a military aid programme, as has Turkey, who has granted aid to help rebuild the Pashaliman military base in Vlore, which was destroyed in the 1997 upheavals. Italian assistance to Albania has become an important feature of Italian foreign policy in the region. Rome is concerned about illegal immigration into Italy from Albania, and joint Italian-Albanian sea patrols have turned back illegal immigrants attempting to cross the Adriatic. Italy is also concerned about the possibility of narcotics being smuggled from Albania. Albania has now acquired a reputation as a major centre for drugs trafficking in Europe. Marijuana is being cultivated in Albania, and cocaine refining laboratories have been set up in several southern towns. Albania could acquire the reputation of becoming a new Golden Triangle.

The Berisha government had sought to develop relations with Islamic states, and joined the Organisation of the Islamic Conference. The Nano government was sceptical about the policy of the Berisha administration towards the Islamic world, but the Majko has softened its line.

There is concern that Albania may be becoming a safe haven for Islamic terrorists. In August 1998, ten suspected Islamic terrorists were arrested in Tirana following an operation by SHIK and CIA teams. US government agencies are concerned that agents of Osama Bin Laden are operating in Albania. In December 1998, the Albanian Secret Service chief, Fatos Klosi, announced that a network of terrorists controlled by Bin Laden had been uncovered by the Albanian security forces. The USA temporarily closed its embassy in Tirana for fear of Islamic terrorist attack in August 1998.

CONCLUSIONS

Albania's political stability remains fragile, although relations between the PS and DP have improved in 1999. The collapse of the state has worsened the already serious problems of crime and corruption, and drugs trafficking and illegal immigration constitute a threat to Albania's neighbours. Economically the country remains extremely weak, and the perception that it is unstable will deter foreign investment. The crisis in Kosovo and the strained relations with Yugoslavia draw

attention to Albania's military weaknesses, and her dependence on her western partners to maintain her security. Albania is likely to remain in this state of dependency for many years to come.

ENDNOTES

¹ International Crisis Group Albanian Program: Preliminary Report, June 1997. <http://www.crisisweb.org/projects/sbalkans/reports/alb01rep.htm>

² ICG Albania: Supporting Albania's Long-Haul Recovery, March 18, 1998. <http://www.crisisweb.org/projects/sbalkans/reports/alb03rep.htm>

³ International Crisis Group Albania: The State of Albania, January 6, 1999. <http://www.intl-crisis-group.org/projects/sbalkans/reports/alb05rep.htm>

⁴ ICG Albania: Albania Crisis Briefing, October 1, 1998. <http://intl-crisis-group.org/projects/sbalkans/reports.alb04rep.htm>

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The Conflict Studies Research **Centre**

Directorate General Development and Doctrine
Royal Military Academy Sandhurst
Camberley
Surrey
GU15 4PQ
England

Telephone : (44) 1276 412346
Or 412375
Fax : (44) 1276 686880

E mail : csrc.dgd&d@gtnet.gov.uk