

ALBANIA TOWARDS ITS OWN TYPE OF CAPITALISM POST TRANSITION

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Abstract

During these twenty-five years, Albania has made undeniable progress. From the economy trade of bags and ambulatory stalls today we are talking about modern businesses. But at the same time, the assessment of the debates developed so far has led to the conclusion that even after 25 years of transition it remains and there are inherited many issues and unresolved problems, absent reforms, uncrossed difficulties, and somehow these questions must get the answers about the type of capitalism and the economic model that is rising in our country. Since 1989, the year of the fall of the Berlin wall, put an end to the division of the world into two camps and at the same time marked the end of the communist system and the onset of capitalism we all agree that capitalism has won. Nowadays the word "CAPITALISM" is randomly used to describe the current system which we live every day. The Capitalism System should be examined, with its strength and weakness. The key question now is what type of capitalism will prevail? And what are the prospects for a new national model of capitalism, given the rapid economic growth in the recent years of the Albanian transition. There are four types of capitalist system for different countries in the world and there is a new economic model to improve Albanian economy. We cannot copy the different models of capitalism, but we may adjust the Mediterranean type of capitalism to Albania, if it is nearer with the Albanian context and opportunities. The central idea of this form of capitalism would be the compliance of historical tradition and national mentality with the forms and model of development. To achieve this, it is required a consensus-oriented political culture and sustainability, the consolidation of the basic rules of the labor market and fair competition as well as, to prioritize coordinated markets compared to fully liberalized markets. In this type of capitalism, the banking system should play an important role, the relation between the banks and the financial market in Albania it is crucial for financing the economy and the development so that the business would be best adopted. In this article I will briefly present the different types of capitalism and analyze the features of the Albanian capitalism to understand if we are on the way of creating our own profile of an economic model. The study concluded that the present form of capitalist system in Albania had a lot of advantages but also many disadvantages and problems that are of interest to be resolved

Keywords: *Capitalism, Transition, Market and profit, Economic model.*

INTRODUCTION

Debates on economic models have not been born today nor in Albania. They are part of the currents of economic thought and economic schools, in different time. The history of economic models is

associated with the names of the best economists in different eras, from Ricardo, to Smith, Keynes, then to Friedman, Samuelson, and to finalize with Leontjev, Krugman, Stiglic, Soros, etc. The development of economic models is related to experiences of transitions in different countries of the globe, as well as the development and consolidation of international economic organizations. In these models has contributed not only the Economics, but also the Mathematics, Statistics, Econometrics, the Computer Science, the Philosophy and even the political currents.

The Identification of an economic model is not simple, but a complex problem. Leontjev, Nobel in economy, noted that "... the process of making a house put the human mind in a lot of complex and awkward difficulties, imagine building a country's economic model, obviously that is hundreds of times more difficult»Whereas, The best Nobelist economist of our time Stiglitz, in his book "Economics of the Public Sector ".... says:" ... In order to analyze the effects of different policies the economists put into use those which are called modele. Like an airplane model tries to copy the basic features of a plane, so on an economic model tends to describe the basic features of economy. It is obvious that Economy is extremely complex, to see what is happening and to make predictions about how to the consequences of a policy change, one must share the essential part of that from the less important one. The features of everyone that decides to focus on building A model depend on the questions you are asking about. The fact that models do simplify assumptions, since they leave out many details, it is not replacement, but a virtue ... "And he continues below" ... All analyzes that include the use of models, make assumptions about how individuals and firms will respond to constant changes in government policy and how these responses will interact to determine the total impact in the economy. All politicians and economists do use models-in the discussion of a policy effects is that economist's alternative. The difference is that economists try to be very clear about their assumptions, and be sure that their assumptions are in line with each other and with the evidence available ... «

With the transition of the countries of Central and Eastern Europe towards a market economy of as well as countries like China and India etc, the economic issues came back in the center of discussion of scientific and political debates. Not by the way, but for that reason, Stiglitz pointed out that: "... The transition from communism to a market economy represents one of the most important experiments of all time ".Also, the developments of the last 20-30 years of the globalization of the economy and especially the recent global crisis that seriously shocked the international financial markets and the world economy, reopened a number of theoretical debates between the schools of the economic thought. The assumptions about the future of capitalism attracted the attention

In these circumstances, the European and Global debate on the new economic model of Albania not only is not easy at all, but it is complex and difficult. The difficulty stems not only from its communist past, but also by factors like the internal market development as well as the economic impact of the global crisis the country's economic transition. All discussions about the economic development model have kept in consideration some basic elements, such as the economic system, the priority sectors, the methods and instruments that are used, etc. Our analysis of the economic models is based in the most reliable currents of Capitalism so far: like the Anglo-Saxon model, the state model of capitalism France, the German model (Germany, Scandinavia, etc.), the Corporate model (some Asian countries), the Latin American model, the African model, the Chinese model etc.

BACKGROUND

Each model of capitalism has a distinct way of organizing production at company level, gives a distinct role to the state, and has distinct institutions and basic values. There are better and worse models of capitalism from the standpoint of human development, we should discuss the issue of models of capitalism. Capitalism is, or tends to be, techno bureaucratic everywhere, as long as capitalists and professionals, associated but in constant conflict, share power and privilege. But that is not enough to justify the prediction that professional capitalism will be identical everywhere. Different historical and political experiences and the relative backwardness of some nations are enough justification for elaborating several models of capitalism - in both developed and developing countries

In the 1990s it was proclaimed the victory of the Anglo-Saxon model, the model that was the most pure "market society" or "market economy", since for these intellectuals there is no society but only the market, only agreements to buy or sell enabled by usually low transaction costs. "In the beginning was the market", they said, and it was only because in certain cases transaction costs were high that the state appeared.

According to Robert Boyer (2004) that economic systems are social and political systems; they are composed not merely of purchase and sale relationships, but of economic relationships regulated by the state There are no economic relationships without political relationships, there is no economic analysis without political analysis. Capitalism is not a mere abstraction - a market economy - but rather a historically situated economic system, always evolving, always reflecting technological change and the political struggles through which ideologies and institutions are expressed and modified. Still, according to Boyer, "the hypothesis of a canonical model around which a number of smaller elements would revolve was disproven in favor of a vision which insists on the strong dependence of the present situation on past political engagements". There are, therefore, tendencies towards convergence, but we cannot talk of a canonical model of capitalism or of necessary linearity and convergence in the process of economic development. We must think about models of capitalism.

Since the 1990s an extensive literature has emerged on models of development. Michel Albert (1991) compared the "American" and the "Rhenish" (French and German) models. John D. Stephens (2002) made an interesting distinction between "liberal democratic states" (such as the United States), "Christian democratic welfare states" (such as Germany), "social democratic welfare states" (the Scandinavian states), and "wage-earner welfare states" (Australia and New Zealand). Boyer's theory (2004), for its part, based on modes of regulation, distinguished four types of advanced capitalism: "market" (such as the United States), "meso-corporatist" (such as Japan), "public/integration" (France) and "social democratic" (the Scandinavian countries). Ben Ross Schneider (2008, 2009), in the line of the varieties of capitalism approach, adopts as basic criterion the "mechanisms of allocation" (markets, negotiation, networks, and hierarchy) and accordingly sees four varieties of capitalism: liberal market economies, coordinated market economies, network market economies (Japan), and hierarchical market economies (middle income countries as Turkey, South Africa, and the Latin American, and the South East Asia, countries). The classification I have been defending is Esping-Andersen's (1990) who distinguished three models of the social state or the welfare state: "liberal" (United States), "corporate" (Germany) and "social democratic" (Scandinavian countries).

By adopting the state as the key criterion for the classification of the models of capitalism, we are stressing the fundamental significance of institutions. After all, the state embodies the constitutional and legal system and the organization that guarantees it. It is, therefore, the major institution in capitalist societies. As a result, is the degree of regulation the state should exercise over social and economic life determines the definition of the model of capitalism. In the liberal democratic model, state intervention is as limited as possible. The state has a limited role in education, in health care and social care, and in social protection or welfare. "Labor" protection - that is, labor protection laws whose cost falls on business enterprises and not on the state - is minimal. The number of government-owned companies is minimal. The regulation of business enterprises is limited. Individualism, technological innovation and competition prevail over cooperation and social solidarity

In the social democratic model, the power of the professional class, especially the public bureaucracy, is greater than it is in the Anglo-Saxon model. State intervention takes place at the production or industrial-policy level, in labor protection, and in the free or almost free provision of collectively used social services. Although, among the European countries in this group, some are more social than others because they guarantee social rights more extensively and effectively, I prefer, on the aggregate level with which I am dealing, not to differentiate Rhineland capitalism from the Scandinavian variety: they are both social democratic; and they seek to integrate and to build solidarity through state regulation. This model moved toward the Anglo-Saxon model in the neoliberal years, but it remains very different. After the 2008 global financial crisis, any movement is in another direction, since this crisis was basically a crisis of neoliberalism

Yet in the Japanese model of capitalism the state leaves social protection to households and business enterprises, and therefore to the traditions or to the spirit of solidarity they share. This model of capitalism is characterized by a greater economic equality than exists in Europe, but it does not rely on the institutions of the social state: the type of capitalism that exists in Japan continues to be very different both from the liberal model and from the social or European model. In Japan, the public bureaucracy and large private bureaucracies within the big corporations play a key role. This model faced a crisis in 1990, since when it has been unable to restore economic growth.

Why does capitalism display a range of models? These results from the key role the state plays in the coordination of modern societies. The state defines the model of capitalism. Obviously, the discussion about the transition and its models is very broad, because it involves various aspects of the transition: political, institutional, legal, economic, integration's social, cultural, spiritual, etc. Seen on this perspective, in some of these aspects Albania has done a long way in others there is still a lot to do. This has not made it easy at all to reach a conclusion about the end of the political, social and economic transition in Albania, since there stand out different point of view and perspectives on the subject. This approach is related to other factors and circumstances as well: the process perspective, the political and ideological affiliations, the scientific and professional expertise, the comparison with analogue models and processes in other countries of the region etc. Has it been completed or is in the process of being completed the Albanian transition in general and the economic in particular? To answer this, we should firstly recognize a few problems of our economic transition:

I. Repeated political crises and their impact on the economic cycle and business.

This is not only a fact but already a reality proven several times; in different places not just Albania. The duration of political crisis is affecting already significantly the domestic economy, the public finances and the social situation as well. The effect of the political crisis, on social and economy, as the time goes by; the greater are the cost and the consequences. The way how the political crisis contributes in the worsening of the economic, financial and social situation is specific immediately visible and long-lasting result. The political crisis has played a negative role in: slowing down the economic growth, the private business activity while keeping them in «host position », a reduction in foreign direct investment, bad image and the collapse of confidence in financial institutions banking, apathy of fiscal authorities in implementing the objectives of the income program

II. Government relations with business and expansion of economic freedoms

In spite of the achievements, they continue to face a number of problems related to the lack of transparency and consultation with the business, obstacles and difficulties in implementing the administrative rules (trends of patronage), the settlement of judicial conflicts, (business and tax authorities, customs, those of mortgage property, etc.).

III. Competitiveness of our economy

With all the progress made so far, our economy still couldn't be repositioned duly to the regional economy and further. The level of competitiveness of our economy in regional markets which is shown by the international level of exports (goods and services) from Albania, which find difficulties in these markets despite the continuous liberalization of trade with the neighbors

IV. Structure and profile of poverty has changed deepening in the rural areas and the northeast part of the country

The budget of households, especially pensioners, people in need and family with low income, continue to be aggravated. Enough to mention that, about 12,4% of the population living on less than US \$ 2 per capita, not reaching their standard minimum (about 360 thousand people, 3.2 million of the population, live on \$ 2 a day and 88 thousand of them live only 1 USD per day). The last evaluation of the World Bank, although they do recognize a gradual reduction of the poverty: from 22.5 percent in 2002 (INSTAT, 2002) to 18.5 percent in 2005 (INSTAT, 2005) and 12.5 per cent in 2008 (INSTAT, 2008). According to INSTAT the policies, programs and measures the fight poverty has not been efficient, The Efficiency problems were reflected in the difficulties to implement the Economic Help Program.

Which is the right model for the development Albanian capitalism? Will it be simply a "copy" or "importation" of the models mentioned above, or it will also run in some new elements. Associated to the priorities and the new resources for the economic development of the Albanian capitalism. The capitalist model of the Albanian economy should focus on those priorities that has as its main objective the comprehensive development of the country's economy, through the harmonization of all economic and natural resources and the effective use of all present capacities in our country, with the main purpose: sustainable development and economy in long-term.

How should this model be? Firstly, it should be based on the size, structure and other features that currently the Albanian economy has established. It should also consider as a necessity radical structural changes in the Albanian economy, reflecting towards the bad habits inherited from the communism to the structural or the errors made during the transition as well as reflecting positively to the new today's phenomena of global developments. It should also have a look in perspective of development and integration in the EU economy, to fix harmonized objectives with the European economic development

It is important to have a sustainable model which requires more political consensus and cooperation after so many repeated political crises which have restrained economic development, a more positive partnership with the factors of interest, business, consumers and citizens, a better functioning of institutions and market rules and last but not least seriously considering the reforms delays over the last 20 years, especially in the area of ownership and the radical restructuring of the entire economy.

CONCLUSIONS

Albanian economy needs to change radically the economic structure and increase its competitive abilities. Agriculture should remain the priority branch, this time in a new perspective, connected closely with agribusiness and tourism which is now developing as a post industry technology branch on its own. In this context it should be considered many issues, among which: a final solution to the issue of property, specifically on the land, and fully functioning of the land market. Very important is the combination and synchronization of agricultural with the food industry, tourism and the network of collection of wholesale traders who deal with the withdrawal of products to the domestic and external market. Also, it should be taken in consideration the necessity of combining the intensive way of productivity increasing with elements of environmental protection. On the other hand, there should be more flexibility in implementing the fiscal and the credit policy to support this sector. The development of rural infrastructure works financing –Agricultural in the mix form (private investment and state participation and investment fund reducing poverty in rural areas) As well as appropriation and detailed study of the experience and problems of the EU agricultural policy and the Eastern European countries that have gone to the EU in the field.

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