

## **The Economic situation in the district of gjirokastra after the year of 1990. Trends and perspectives**

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### **Abstract**

Gjirokastra district lies to the south of Albania. In terms of organizing the administrative - territorial, Gjirokastra district consists of three districts of Gjirokaster, Permet and Tepelena with a total of six municipalities, 26 communes and 272 villages.

By early 1990, Albania left the nearly 50-year-old system of self isolation communist centralized economy and included in a comprehensive period of political transition, economic and social development. One of the direct consequences in the context of the consequences of the transition was to lower economic growth and unemployment show officially open until the early 80s was announced nonexistent.

In economic structure after 1980 years in the territory in the study observed a number of changes. Industry is no longer present (in structure and income distribution), as before. Agricultural economy ranked first, followed by construction and services sector. So, agro-industry and agribusiness are a priority for the present and future of the county. To achieve this strategy should consistently for agricultural and livestock development associated with effective agricultural policies.

The solution eventually needs water, energy, facilitating the communication links between the villages, making the efficiency of agro-industry etc, will restrain the influx of refugees, in this region, a phenomenon evident in this circuit.

## **Introduction**

In this article analyzed the economic changes that occurred after 1990 in Gjirokastrer region. These changes come out by making comparisons with the previous socialist system in Albania.

Transition from a socialist, centrally planned economy to free market economy was accompanied by many changes and the region's economic structure. Industry is no longer present (in structure and income distribution), as before. Agricultural economy ranked first, followed by construction and services sector.

In this context, the economic upturn in the region should be seen through the development of agriculture and livestock breeding and agro-industry.

Tabular presentation, graphics helped to identify the best economic and social changes in the region after 1990. The article has also the aims to identify the factors and explain the new social and economic situation in the region in tow terms spatial and time.

### ***Some environmental elements (physical-geographical) region of Gjirokastra, in view of its economic profile***

#### The geographic position

Gjirokastra district lies to the south of Albania. With Greece through the border line. This region is situated 60 km away from Ioannina and the port of Saranda, 160 km from the port of Igumenicës. The territory of the district has an area of 2883.98 km<sup>2</sup> (288,398 ha), comprising about 10% of the total surface area of the country. In this area turns placing a population of 166 498 inhabitants (resident population in 2004) that constitutes about 3.7% of the total population of the country.

Figure 1: Geographical position of Gjirokastra region (*PhD. V.Duri*)



In terms of organizing the administrative - territorial, Gjirokastra district consists of three districts of Gjirokaster, Permet and Tepelena with a total of six municipalities, 26 communes within which 272 villages were organized. <sup>1</sup>

Figure 2: Administrative organization in Gjirokastra region (*PhD. V. Duri*)



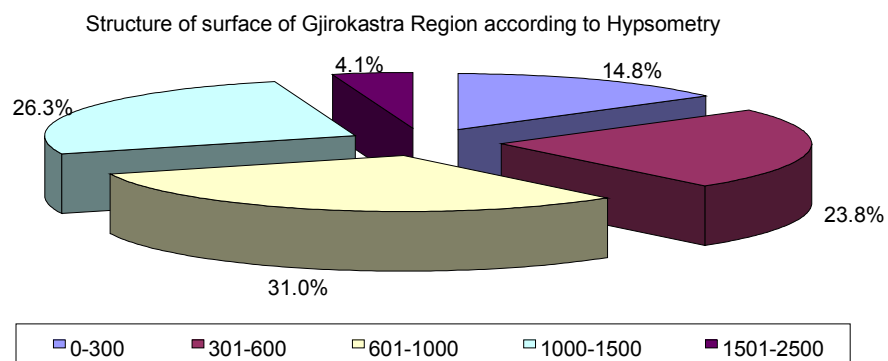
The region distinguished by a mountainous and hilly relief, where altitudes until 300m occupies 14.8%, 301-600m 23.4%, 601- 100m 31.0% and over 1000m above sea level occupies 30.4% of its total surface.

<sup>1</sup> UNDP, "The strategy for the development of the region of Gjirokastra": Tiranë, 2005.

Figure 3. Geographical- Physical map of Gjirokastra Region



Figure 4. Structure of surface of Gjirokastra region according to hypsometry



So this relief has as defined the region's economic profile, like an agrarian region. This region (Gjirokastra) has too suitable climatic conditions for rural development.

There is too a relatively dense hydrographic network, with plentiful and qualitative water resources. In this territory there is a river network with a density by 0.164 km/km<sup>2</sup>. The forest plants in this space under study, take up about 30.0% of the area of the region and there are over 120 kinds of aromatic and medicinal plants.

### Prerequisites of Transition and regional impacts, in Gjirokastra region

By early 1990, Albania left the nearly 50-year-old system of self isolation communist centralized economy and included in a comprehensive

period of political transition, economic and social development. These changes provoked and created new features in the progress of economic and demographic processes in the country and the area under study.

The long period of self isolation that Albania experienced the socialist system, accompanied by an economic policy trends and autarkic voluntaries etc., have led to the creation of a centralized economy, with a large and inefficient waste of material and human resources.<sup>2</sup> Sit the national economic growth for the period 1950-1990 recorded 5-year decline after every 5-year-old to depletion of resources related to extensive growth. Add new investment begins to diminish from the mid-1970s, reaching its lowest level in years 1986-1990. Alongside new investment decline was observed and the fall of their efficiency, which shows no ability to shift from extensive to intensive growth. This disability had originated in the mechanisms and structures of the socialist system, the state property and central planning, which provided extensive growth and somewhat orderly functioning of the economy in our country. Though not made public as the problems continued decline of production and incomes, rising unemployment, reduced the rate of economic activation, etc, gradually deepened the general crisis of the country where it was introduced.<sup>3</sup>

Changing the system and the construction of a new market economy without direction of economic nature, etc., are experienced in this area (county) with a range of problems and difficulties, as in the whole country. During these years of transition, characteristic of the population has been facing numerous problems of poverty, unemployment, political uncertainty, social conflict, etc.

One of the direct consequences in the context of the consequences of the transition was to lower economic growth and unemployment show officially open until the early 80s was announced nonexistent.

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<sup>2</sup> Gërdeshi I. Mara H. Dhimitri R. Krisafi K. Intellectual elite emigration from Albania during the transition period Luarasi Tirana, 1999.

<sup>3</sup> Doka Dh. Socio-economic developments and regional Albania during the transition period. Potsdam-Germany 2005.

Structural causes of the crisis should be sought in the dogmatic postulates which was supported the creation of economic structure in order to pass. Among them we distinguish:

The first, extreme absolutism state property in its two forms of state and cooperative. This principle led to the structural crisis and its development in the enactment of laws that prevent free property and private initiative in the city and countryside.

The second, the direction of the economy so highly centralized excluding any local independence and personal initiative. That led to unlimited economic power of the central planning bodies. The structure of consumer demand projektohej from above, without neglecting the real needs of people and economic viability of the market. Quite so paradoxical reports producer - consumer, producer took advantage. <sup>4</sup>

Thirdly, absolutism the principle of relying on its own efforts, without taking into account the internal financial goals, human, technical, etc. Officially closed the road for loan assistance from abroad, while in the period 1950 - 1970 with these loans face 44% of total investments. <sup>5</sup> This factor inhibitor had significant impact on economic growth, unemployment and the accumulation of tensions that led to the outbreak of the crisis of the late 80s.

The fourth, the overestimation of the principle of creating a complex structure sector of the economy, flows out of regional economic integration. This principle in practice has gone contrary to economic logic of the market. This led to the creation of an economic structure that, in dealing with the market at the beginning of the last fifteen year old proved him self as ineffective and failed to face the challenges of competition.

Finally, the crisis was fed by the wrong mindset to be treated only by demographic phenomena motives of a political nature, so completely detached from economic factors. This gave rise to non compliance of demographic phenomena with economic development in furrow completely independent, and often even diametrically opposed to each - other.

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<sup>4</sup> Gërdeshi I. Mara H. Dhimitri R.Krisafi K. Intellectual elite emigration from Albania during the transition period Luarasi Tirana, 1999.

<sup>5</sup> Gërdeshi I. Mara H. Dhimitri R.Krisafi K. Intellectual elite emigration from Albania during the transition period Luarasi Tirana, 1999.

Reduced growth rates five years after five years, while the working population was increasing. Consequently quantitative development and qualitative improvement of human potential paradoxically returned from a factor of social prosperity in its opposite, the negative factor that generated poverty of economic backwardness, social tensions and crisis of confidence.<sup>6</sup>

Structural crisis in the 80s combined and expressed in conjunctural crisis: \* The low rates of economic growth, \* rationing of some good food, \* increasing inflationary pressures and unemployment, stagnation and then decline per capita income etc. When per capita income decreased, shortages of goods on the market increased significantly and the economic crisis took a systemic dimension, which expresses the loss and then in opposing the legitimacy of political and economic regime in place. This process culminated in December 1990, moment that marks the acceptance of political pluralism and market economy. With the breakdown of old structures of centralized management in '91 was no command economy. The plan did not exist while the market has not yet created. Neither the plan nor the market, but a condition which was aggravated mayhem and more from severe political conflicts, strikes, the prevalence of physical destruction by looting, destruction, burning, etc., a good part of the national wealth.

Extremely difficult economic situation in the country was also due to the lack of political stability. Because of strikes and political clashes, from March 1991 to mars1992 were awarded four governments. Frequent change of governments prevented the development and implementation of a sustainable and long-term strategy for economic reforms. The direct consequence was the decline in level of living of the population, which said the lack of food resources most necessary for a large part of it.<sup>7</sup>

General economic situation to the mid 92'e give some macroeconomic indicators.

The pronounced and visible industrial production and agriculture overall because of: closing and paralysis of this activity, spontaneous and

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<sup>6</sup> Luçi E. Kraja E. Overview on the harmonization of human potential developments. Geographical Studies No. 14 Tirana, 2002

<sup>7</sup> Luçi E. Kraja E. Overview on the harmonization of human potential developments. Geographical Studies No. 14 Tirana, 2002.

chaotic dismantled former agricultural cooperatives, disrupting the state system to supply inputs to agriculture and trade of its products.

The rapid depreciation of national currency.

Deepening of differences in economic development between regions of the country.

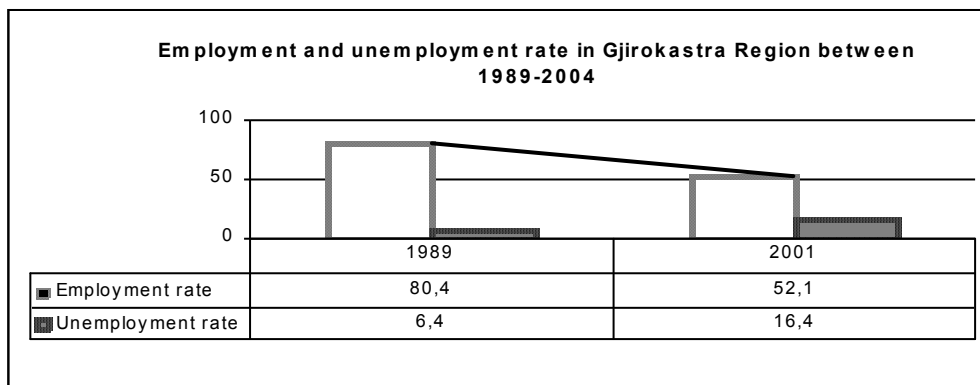
Massive migration of people abroad in the study area received considerable proportions. Leaving only the district of Gjirokastra to 1997 accounted for up to 11,000 people <sup>8</sup>

In the early 90's, unemployment in the country accounted for 26.5% of the workforce of the country. For the study area employment and unemployment situation since 1990 resulting in 16.4% level.

Table 1 Index of employment and unemployment in Gjirokastra district between the two last records in Albania (%).

Years	Employment rate	Unemployment rate
1989	80.4	6.4
2001	52.1	16.4

Figure 5. Employment and unemployment rate in gjirokastra region between 1989-2004



In April of 1992 began the implementation of macroeconomic stabilization program. Among the elements of this program (and in the

<sup>8</sup> Gjirokastra. Analizi ed indirizzi per lo sviluppo futuro Grotammare 2002



context of the region) are: reduction of employees of state administration, state enterprises, civil service personnel and military and the almost complete removal of subsidies for non-profitable state enterprises to the economy.

The latter led to profound and long-term decline in industrial production. To some extent, Albanian industry (inherited) was destabilised and suffered from significant structural distortions. Therefore it needed corrections. Under these conditions a part of them were closed. (See table below No. 2). The level of employment in the region decreased by 28.3% compared to 1989.

Table .2 The labour market in Gjirokastra region between the two last records in Albania (1989-2001), from INSTAT

1989/2001 në %	Activation rate	Employment rate	Unemployment rate
Region	84.7/62.3	80.4/52.1	6.4/16.4
Gjirokastër	85.9/62.8	85.9/62.8	6.2/20.9
Përmet	85.5/70.5	83.6/63.0	3.7/10.7
Tepelenë	82.7/55.3	76.0/47.5	19.1/14.1

*(Thread by V.Duri)*

The decline in industrial production was observed in the visible light industry and food (as sub industry base in this space). This came as a result of the old system dismantled manufacturer, backward technology, lack of raw materials in place, the immediate opening of the country against foreign competition, etc.

Closure of the agro industrial production entities led to the issuance of more women work.<sup>9</sup> Unemployment in Albania in women has been historically higher than men and this gap between the sexes after 1990 was on the rise. Women face many obstacles when attempting to engage in the labour market, especially when crossing from one country to another country. Causes of low

<sup>9</sup> Human Development Report for Albania 2005.UNDP and development policies for the benefit of the poor and women in Albania.

representation of women in labour were also added to social insecurity issues, the impact of patriarchal attitudes, social stereotypes and gender etc.<sup>10</sup>

From a detailed analysis of data on unemployment in the territory under study, recorded:

Unemployment structural. This includes all persons who have a profession, but now can not find jobs are on hold. Unemployment (current) future which consists of those persons who have reached working age, who have completed military service and newly graduates and unemployment caused by the demographic, especially among newcomers from the countryside.<sup>11</sup>

During 1996 it was noticed a significant deterioration of some macroeconomic indicators. The start of '97-tion of these trends showed that deepened more and more and brought the country into a new economic collapse and social explosion that did not wait to take the form of a popular revolt and political chaos.

The most obvious feature of this crisis was the collapse of informal financial institutions, which began in late November 1996. They spread across the country and had accumulated over a period of 2-4 years savings of over 1 / 3 of the total number of households which are estimated at around 1.2 billion \$. High interest provided by this informal financial market urged an artificial increase in consumption through import and temporarily eased the social cost of transition. Pyramid schemes, in addition to negative macroeconomic consequences and promote parasitic behaviour, discouraged investment and savings in real economic activity, hitting in the long term growth.<sup>12</sup>

The riots of spring 1997 were an obscure, unseen and imagined the whole country. Lives lost, the value of material, cultural and museum and stolen, burned and destroyed. This was in short the balance of material losses. The most serious was the balance of psychological and spiritual losses. Faith murdered, many activities were closed (due to injury) and increased uncertainty about the future.

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<sup>10</sup> Albania, "Viewpoints on population" 2001: General population and house census: INSTAT 2004.

<sup>11</sup> Gjirakstra Analizi ed indirizzi per lo sviluppo futuro Grotammare 2002

<sup>12</sup> Gërdeshi I. Mara H. Dhimitri R. Krisafi K. Intellectual elite emigration from Albania during the transition period Luarasi Tirana, 1999.

After that you should start a second comprehensive reform. Political solution among the 97-tion of raised hopes and premise walking towards the left in the middle.<sup>13</sup> After the crisis, maintaining a macroeconomic stability, the country was again on track to structural reforms.

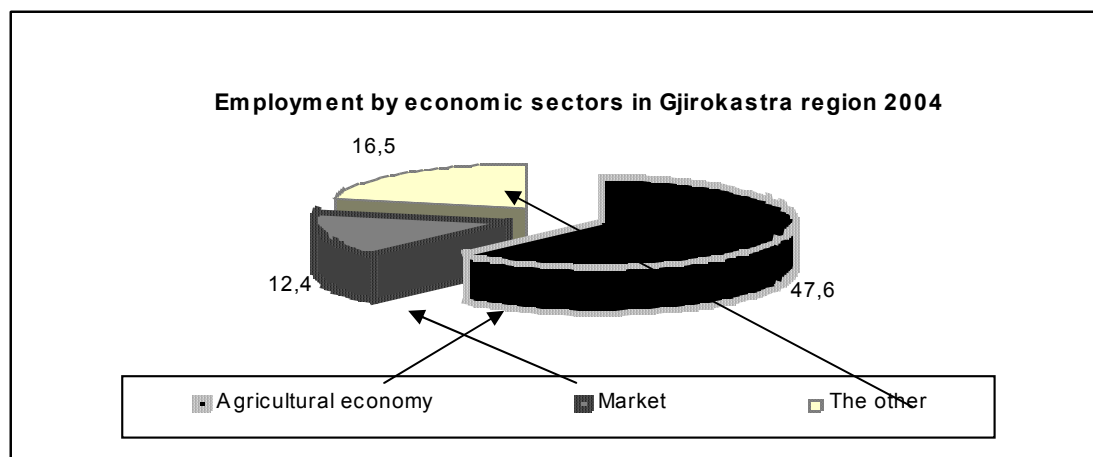
During the years 1998-2001, highlights the growing economy but with increased low (7.4%). This increase came as the result of the service sector and of foreign remittances from migration. Although the agricultural sector still provides the livelihood of nearly half the population, the redistribution of resources in construction and service sectors has been crucial for the growth of economic indicators in the territory. This is clearly evidenced in the following table (No. 3). At regional level data for 2004 show that 2345 people or 31.0% of employees belong to the services sector followed by that of education with 27.1% and health 13.3%.

Table 3. Employment in Gjirokastra district by sectors of economy (2004)

Economic sectors	Agricultural economy	Market	The others <i>(industry, construction, social seviles)</i>
The region	47.6	12.4	16.5
Rural areas	77.8	13.8	8.4

*(Thread from Dr.V.Dur)*

Figure 6. Employment by economic sectors in Gjirokastra region 2004



<sup>13</sup> Gërdeshi I. Mara H. Dhimitri R.Krisafi K. Intellectual elite emigration from Albania during the transition period Luarasi Tirana, 1999.

The privatization of small enterprises in the years 1992-1995 and medium sized enterprises have had a small positive impact in the opening of jobs and reduce poverty. However identify progress made in improving the business environment, creation of small enterprises and medium-sized private etc. Reforms are not absent in infrastructure, and electricity, water and telecommunications not left privatization schemes.

The financial sector has undergone deep reforms, creating an independent financial system with two levels: the central bank and a network of powerful commercial banks However, these services continue to be present only for urban areas.

Statistics refer the number of employees in the first belonging to the administrative personnel of the agriculture and forestry departments in the region. With the implementation of the law on land, the population in the village called the self-employed.

Socio-economic reforms in the country (early 1990), was accompanied by a general deterioration of health and educational services to more rural. Among the factors leading to this situation or condition are: generally low level of health and educational infrastructure in rural areas and for more mountains (deprived because of scarce funds), the difficult social and economic life of most population, removal of specialized medical staff at immigration etc. Starting in 1993, the government undertook measures to reform health and education systems which have to some extent offset these negative effects.<sup>14</sup>

### **Economic situation in the district of Gjirokastra after 80s.**

In economic structure after 1980 years in the territory in the study observed a number of changes.

Industry is no longer present (in structure and income distribution), as before. Agricultural economy ranked first, followed by construction and services sector.

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<sup>14</sup> Human Development Report for Albania 2005.UNDP and development policies for the benefit of the poor and women in Albania

In this context, the economic upturn in the region should be seen through the development of agriculture and livestock breeding and agro-industry. Among other reasons draw:

Currently living and working in rural areas 66% of the population, an indicator which naturally results in decreasing because of urbanization but nevertheless remains high.

Good tradition of the district population but especially in livestock agriculture.

Natural, more typical taste of agricultural and livestock products that distinguishes this space in relation to regions and any other area of the country.

Rural county have many natural resources, which if used effectively, through agro-industry and agribusiness return in kind, that will not only significantly increase the family income but would improve the economic indicators in the region.

The presence of a hilly landscape - mountain turns quite suitable for the spread of small livestock, which has served well in the tradition of leather processing, the making of woollen textiles (one of the most important crafts of the lands formerly Southern), etc. Fruit trees are widespread on the terms of the prevalence of mountainous terrain. They are represented by some kinds: orchards, olive groves (Vjosa middle valley), vineyards and citrus rare. Experience the best in this regard has indicated full processing tradition here, all kinds of fruits. Have been mentioned plants in South, Këlcyra, axis and an elaborate set of agricultural economies several dozen kinds jam, compote, syrup (from the wild fig tree to nuts). The number of them, by year 1990 results of the reset activity, especially in the District of Permet.

The territory has a tradition of study according to good forage production. Warmth, the characteristic of Mediterranean climate, prevalence of mountainous terrains, the presence of steep lands, Mediterranean shrubs, especially evergreen perennial etc., the tone for fodder production. Without leaving aside the summer pastures in the mountainous region known as Nemërçkë-Dhëmbel, Kokojka of Frasheri etc that are fodder for livestock. So, agro-industry and agribusiness are a priority for the present and future of the

county. To achieve this strategy should consistently for agricultural and livestock development associated with effective agricultural policies.

After 1990 the agricultural economy of the region were noticed some changes.

Area planted with cereals and bread was reduced and industrial plants it grew vegetables and fodder. Structure indicates a change toward emphasizing livestock farming economy.<sup>15</sup>

Orchards suffered major losses. Their numbers have suffered reduction significantly as a result of cutting and abuse them. Recent years has seen the vineyards a development that appears, especially in some municipalities: Lunxhëri, Audrey, Picar, Petran, Piskovë etc.

This is a positive phenomenon which will make it possible, that in a few years to significantly increase production of grapes for market and processing, which requires investment actually.<sup>16</sup> To talk about the future of agriculture in this region, we need clear answers to many problems of political, economic and social development in the region of the country scale. Among these priority remains the resolution of land ownership issues. The creation of associations of farmers for collecting and trading of agricultural products and livestock will be way more effective and necessary for the development of agro - business, but also for a fair distribution of income between producers and traders who benefit higher income great when the opposite should happen. Given the constraints, potential and strategic options are two priorities of agricultural development in the region, farming and vineyards.

In the income structure of the 90s, farming occupies 60% of their, indicates that the county has a profile defined livestock. Livestock development in the region made possible by many factors such as suitable conditions climate, rich experience in breeding her growing demands of local market etc.<sup>17</sup>

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<sup>15</sup> Çombi K. Problems of development of agribusiness in the south. University Research University Egerem Çabej Research University of Gjirokastra, 2004 No.9.

<sup>16</sup> Çombi K. Problems of development of agribusiness in the south. University Research University Egerem Çabej Research University of Gjirokastra, 2004 No.9.

<sup>17</sup> Përmeti, socio-ekonomc guide. Tiranë 2004

Orchards has a wide range, which predominate, cherry, plums, nut, almonds, apples, etc. are several types. Despite reducing the area planted with blocks or fruit trees, fruit production has been some stability.

Vineyards represented by the variety that grow grapes for wine, where Tokai predominates, Merloti, Black Square, etc. Among the areas noted for vines are: Çatistës (W), Lunxheria (W), Dëshnicës (Pr), Zhepovës etc. In recent years, this sector is being led by the growth of viticulture in general. At the end of 2010 it is planned that the surface of vineyards at the regional level to reach 1000 hectares of vine in 70 000 root etc.<sup>18</sup>

Region does not lack creative potency, and precious traditions of exceptional ability to overcome difficulties and create a good future.

Increased agricultural production and livestock, in addition to meeting the needs of these households products, will allow trading of surplus contributing to reducing imports of many food products on one side and turn, would enable their processing by enabling functioning of agro industry - processing which is very effective if well managed and guided by the market.

Some of the priorities for development in the region are (suggestions):

Use of resources that has the region with production with livestock for dairy production and fresh meat for consumption and processing in view of the market.

Encourage and support businesses interested in putting in work processing industries as a source of income in the village.

Support and facilitate the creation and processing medicinal plants known for its values.

Investment in general will remain for the future priorities for this Region, where they in turn are the key infrastructure and rapid change that requires the reality of the South.

The solution eventually needs water, energy, facilitating the communication links between the villages, making the efficiency of agro-industry etc, will restrain the influx of refugees, in this region, a phenomenon evident in this circuit.

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<sup>18</sup> Përmeti socio-ekonomike, guide Tiranë, 2004

## **Conclusion**

The region of Gjirokastra will continue with a clear profile of the agrarian economy. This sector supports the development of agriculture but more livestock (favored by its natural conditions).

The second sector of the economy on this region will consist of agro-industry: the industrial processing of livestock and agricultural products, production of soft drinks etc..

This development based on natural conditions of the region, will help reduce the number of emigrants. This region is characterized by large scale immigration especially outside to Greece.



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