



A boy peered out of his crib at a makeshift orphanage in Berat, a small town in central Albania

Albania's Long March Back



PHOTOS BY VEDRAN SAMANOVIC/SPECIAL TO THE CHRONICLE

A woman in Gocaj, in northwest Albania, attempted to get some drinking water by tapping into an underground pipe

After riots, economic progress has been painfully slow

A year ago, Albania erupted in violent riots after thousands of citizens lost their life savings in fraudulent pyramid schemes. Today, Europe's poorest nation is waging a fitful struggle for recovery. This is the first in a two-part series.

By Theresa Agovino
Chronicle Foreign Service

Berat, Albania

Five-month-old Lillian silently tells the story of Albania's devastated economy.

Alarmingly underweight, with scabs crowning her scalp, she lives in a makeshift orphanage in a Berat hospital for children whose families cannot afford to care for them.

Lillian's mother dropped her off last month, saying she had no money to feed the 6½-pound infant or buy the medicine to clear up her scalp condition. Ten other children, most in similar circumstances, lie in cribs against a wall decorated with a cheerful painting of Noah's ark.

It is the only bright spot in

the room. There are no toys. Clothing and food are in short supply.

"I try to understand how mothers could leave their children here," said Bojaxhi Kaljopi, a nurse who says the children's plight is the worst she has seen in her 18 years in the profession. "But I understand the situation here. I know they have to do it."

Berat, a small town in central Albania, is a microcosm of the challenges facing this country as it tries to regain its balance after a year of living dangerously.

The collapse of a series of bogus investment schemes last year left thousands of Albanians cheated out of their life savings and set off a wave of an-

ALBANIANS' VIEW OF KOSOVO

Cut off from the world for years and beset by their own problems, Albanians have paid scant attention to the Albanian community across the troubled border in Kosovo — until now.

Although daily protests against the Serbian crackdown in Kosovo have been held in many Albanian towns, unification of Kosovo with Albania is not a top priority for the Albanian government or the public. Albanians are preoccupied with extreme poverty, high unemployment and rampant crime.

"The main question Albanians are asking themselves is 'Where am I going to find a good job and money?'" said Remzi Lani, director of the Albanian Media Institute. "No one wants to get mixed up in Kosovo. Life is too hard in Albania to worry about problems outside the border."

— Associated Press



ALBANIA: A Year After Anarchy, Economic Progress Has Been Painfully Slow

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archy that left 2,000 people dead. The events have made potential investors wary of conducting business in this small nation on the Adriatic Sea.

The proliferation of the get-rich-quick schemes also diverted precious time, attention and funding necessary for establishing a market economy — a concept few Albanians are familiar with after enduring more than four decades of a hard-line Stalinist regime.

Berat and its environs brim with potential in areas such as tourism and agriculture, but a lack of money and expertise makes realizing that potential all but impossible. The local unemployment rate is 50 percent and many residents live in dire poverty.

"I am conscious of the international community's reservations about Albania," said Yzedin Hima, head of Berat's City Council. "But we are eager for freedom and eager to make things happen."

Revitalizing the economy is the key to stability for Albania. The citizenry is still heavily armed with weapons looted from armories last year and it is increasingly frustrated by the lack of jobs and persistent poverty.

So far, the Socialist government elected last summer and headed by Prime Minister Fatos Nano has proved itself incapable of alleviating the hardships, making many Albanians eager to flee to the West by any means possible.

"If something doesn't change, there could be riots again," said 22-year-old Marin, who is unemployed. "Where can I look for a job here? There is nothing."

"I want to go to Greece. It is too snowy now (to flee over the mountains), but I will try a thousand times in the spring."

A drive through Berat highlights the problems.

On the outskirts stands Tekstili Berat, a textile firm that escaped damage in last year's looting but doesn't look that way. The yard is strewn with garbage and rusted truck carcasses; the four main buildings are pocked by broken windows and peeling paint.

Seven years ago, the company employed 10,000 people; the number today is 1,500. Most of the 30- to 40-year-old equipment is broken. There is no money and no spare parts for repair. The company works at only 20 percent of capacity.

Tekstili Berat was partially pri-

vatzed after the collapse of communist rule in the early '90s, but the gesture consisted of giving 30 percent to the business' impoverished employees, who are in no position to boost capital investment. Plant manager Theodor Maskuti is not sure how long the company can limp on without an infusion of

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— MARIN,
Job Seeker, 22

outside money.

Maskuti says some Italian investors have expressed interest, but he worries that they cannot be trusted. "I'm trying to explore other opportunities, but there aren't any," he added.

There are other investment possibilities in and around Berat; the land is fertile and lush with fig

and olive trees. But, again, without an infusion of capital, production will never be able to achieve export levels.

The city's strongest potential appeal is as a tourist attraction.

A UNESCO "world heritage site" that dates from the pre-Christian era and is known widely as "the town of a thousand windows," Berat boasts white-washed houses built into cliffs overlooking a river. The interiors of many of the homes are painted with frescoes and adorned with wood and marble carvings.

During the communist years, no one would have dared touch the interiors. Now, however, a severe housing shortage has prompted people to divide and reconstruct some of the historic homes; the government has no money or time to enforce restrictions on such actions.

Carmen-Laura Zarzu, project manager at the Berat Business Center, a U.N. Development Program project designed to help small- and medium-sized private firms, says Berat is a success story waiting to happen.

"The people have ideas and they have a good sense of business," she said.

The banking system is still saddled with debts left over from the communist era, so it is almost impossible for would-be domestic entrepreneurs to get loans.

But the World Bank just approved a program that will insure \$10 million of foreign investors' capital against political risk. It also approved a \$5 million project to clean up the banking system.

And there are other signs of progress.

The end of the period of anarchy means that the government has begun to collect taxes again, so it will have at least some money to curb its budget deficit and pay for development projects. Inflation has also been curbed; the rate for all of 1997 was 43 percent, but it dipped to just 11 percent for the second half of the year.

"The government is doing nothing," said Denis, a 24-year-old unemployed fisherman in the northern village of Shengjin, who lost his boat in last year's chaos.

He now earns about \$300 a month smuggling cigarettes and oil from Italy to Montenegro.

"Smuggling is the only way to make a living," he said. "This is what all my friends do. We have to eat."