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ALBANIA

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THE ALBANIAN ECONOMIC SITUATION IN 1965

FOREWORD

1. In order to allow a better understanding of the present features of the Albanian economy it may be opportune to recall at this juncture that with an area of 28,748 sq.km. and a population of a little over 1,840,000, according to the latest estimates, Albania has always remained fairly isolated, in spite of its central position in the Mediterranean area.

2. The first reason for this situation is geographical. In a country which is largely mountainous, communications between the coast and the "hinterland" are difficult to maintain, the more so as the latter comprises poor regions, such as Montenegro, Kosovo, Macedonia and Upper-Epirus, which have little to offer in the way of markets or resources. As regards the country's outlets to the sea, the few ports and harbours were equally inaccessible on account of the malaria which infested the coastal plains, these being practically uninhabited in the past.

3. For these reasons, maritime trade and communications were generally in the hands of foreigners. It is only recently that the drainage projects in the coastal regions and the disappearance of malaria have enabled the Albanians to come down to the coastal plains and to become conscious of their country's situation on the shores of the Mediterranean. This explains why they are still unfamiliar with the sea and do not have a merchant navy. There is not even much interest in developing the fishing industry; fish is a type of food which is almost unknown to the local population.

4. In addition to these geographical reasons, there are others of a historical nature, which have contributed to the development of a keen sense of independence and a natural tendency to be suspicious of foreigners. Following centuries of Turkish domination, there were the Balkan wars, the first World War, the intervention of various foreign powers and finally the Italian occupation. It was only at the end of the second World War that the ideal of an independent Albania could really take shape, and then only in the mould of a Communist régime. However, although the strictest form of Communism has been adopted, it does not take precedence over the idea of national independence. The first causes for the clash between Albanian and Yugoslav Communism immediately after the end of the second World War, as also the more recent break with the USSR, must be sought in this conception of national independence. The Albanians are in general loath to accept a too close economic collaboration with foreigners which might prejudice their future freedom of action. These ideas, combined with the economic theories of the most uncompromising exponents of Communism, have resulted in the extreme isolation of the country and in some forms of autarchy which are in contradiction with the general trends apparent in the modern world, including the Communist countries.

5. One of the effects of this situation - which, moreover, was also apparent in the early days of the other Communist régimes - is the scarcity, if not the complete lack, of statistics, which does not allow a proper appraisal of the various factors entering into the national economy. Furthermore, in view of the different economic systems, the data available cannot be easily compared. In general, the statistics tend to give prominence to the achievements of the régime, the progressive socialisation of the country and the rise in the standard of living; there are plenty of percentages, but they do not include many production figures in absolute terms.

6. Within the limits of the official data and of the information which can be gathered by personal observation (although the observer has been deliberately discouraged from coming into direct contact with the country), an attempt will be made in this paper to give the least incomplete picture possible of the present status of the Albanian economy.

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POPULATION AND MANPOWER

7. According to a recent official assessment, the population of Albania amounted in 1964 to 1,840,000 (population density: 64 per sq.km.). Despite the increase in population density by comparison with the pre-war figure (in 1938 it was a little over 35 per sq.km.), this still seems to be a small figure, even taking into account the primarily mountainous character of the territory, a third of which lies at over 1,000 metres above sea level. Plains only account for 16.2% of the total area.

8. In addition, there is outside the Albanian borders a population of Albanian origin and language, which is almost as numerous (according to Albanian calculations) as the population which inhabits the national territory. The largest group is composed of the inhabitants of the Yugoslavian regions of Kosovo and Metohia; in 1961, according to Yugoslav statistics, they numbered about 650,000. The Albanians claim that this figure should read 1,200,000. Albanian-speaking communities are also to be found in various other countries (even in Italy); they were founded by emigrants in the more or less remote past.

9. As regards the racial minorities living on Albanian territory, the Albanian Authorities have never supplied any statistics, nor are any reliable data available. However, it is known that the largest minority group is composed of the Greek-speaking inhabitants of the southern part of the provinces of Saranda, Argirocastro and Korcia.

10. The following table shows Albanian population trends over the last 25 years:

Year	Total Population	Urban Population	Rural Population	Percentages	
				Urban	Rural
1938	1,040,353	160,000	880,000	15.4	84.6
1945	1,122,044	238,812	883,232	21.3	78.7
1950	1,218,943	249,783	969,160	20.5	79.5
1955	1,391,499	383,169	1,008,330	27.5	72.5
1960	1,626,315	502,456	1,123,859	30.9	69.1
1961	1,660,300	521,385	1,138,915	31.4	68.6
1962	1,711,300	549,600	1,161,700	32.1	67.9
1963	1,762,375	578,590	1,183,785	32.8	67.2

11. Natural changes occurring in the population during the same period are shown in the following table:

Year	Viable births		Deaths		Natural increase		Mortality of infants in first year of life	
		per 1,000 inhabitants		per 1,000 inhabitants		per 1,000 inhabitants		per 1,000 inhabitants
1938	36,138	34.7	18,512	17.8	17,626	16.9	3,616	100.0
1950	47,291	38.5	17,215	14.0	30,076	24.5	5,732	121.2
1955	61,300	43.8	20,750	14.8	40,550	29.0	6,369	103.8
1960	69,686	43.3	16,775	10.4	52,911	32.9	5,786	83.0
1961	68,452	41.2	15,445	9.3	53,007	31.9	5,439	79.4
1962	67,209	39.3	18,363	10.7	48,846	28.6	6,188	92.1
1963	68,967	39.1	17,646	10.0	51,321	29.1	6,248	90.6

12. From the above tables two main trends emerge: the overall growth of the population and the increase in the urban population.

13. In the post-war period the population has increased at a very appreciable rate (between 1938 and 1963 it went up by 80%). The régime is however setting its sights at even higher targets since its planners have decided that the figure of 2,000,000 should be reached by 1970! The increase recorded so far has certainly been promoted by the Government's demographic policy, this being the corollary of its general policy, which is of a pronounced nationalistic nature. Its distinctive features have been the encouragement of a high birth-rate and a strict embargo on foreign emigration, which had in the past taken the form of a mass exodus, owing to the poverty of the country. Furthermore, account must be taken of the increase in the average expectation of life, resulting from improved standards of hygiene. All these factors have had the effect of raising the natural rate of increase of the population from 1.7% in 1938 to about 3% in 1963.

14. The movement of the population from the countryside towards the towns has assumed considerable proportions: from 1938 to 1963, the urban population rose from 14.4% to 32.8% of the total population. This is primarily due to the régime's policy of industrialisation, which has attracted great numbers to the towns, who wish to escape from the still primitive and poverty-stricken rural centres. This is how such towns as Durazzo, Valona and Berat have become overcrowded, as well as the capital city, whose population has risen from 25,000 in 1938 to the present figure of over 160,000.

15. This trend has ended by becoming much more pronounced than was planned, resulting, to some extent, in an alarming depopulation of the countryside and a lack of rural manpower. To stop this exodus the Central Committee of the Party decided, at the meetings devoted to the revision of the third Five Year Plan held in October 1962, to give greater importance to the agricultural sector of the economy. Since then, it seems that a large-scale campaign has been conducted on energetic lines and without much regard for ideological niceties, with a view to re-transferring to the countryside a considerable number of workers and their families.

16. The following table shows the breakdown of the labour force (workers and office staff) by sector of the "people's" economy:

Economic sectors	1950		1960		1963	
		%		%		%
<u>TOTAL</u>	83,259	100.0	203,765	100.0	249,757	100.0
Industry	22,146	26.6	70,855	34.8	81,128	32.5
Building	17,929	21.5	30,258	14.8	36,695	14.7
Agriculture	7,525	9.1	30,747	15.1	44,787	17.9
Transports and communications	7,009	8.4	14,210	7.0	17,171	7.0
Trade	4,943	5.9	14,279	7.0	17,008	6.8
State purchasing departments	3,251	3.9	3,784	1.8	4,768	1.9
Municipal purchasing departments	922	1.1	4,935	2.4	5,068	2.0
Education and cultural activities	7,355	8.8	13,638	6.7	18,040	7.2
Medical services	3,323	4.0	9,369	4.6	12,467	5.0
Credit institutions	547	0.7	802	0.4	916	0.4
Public Administration	8,309	10.0	7,902	3.9	8,602	3.4
Other sectors	-	-	2,976	1.5	3,107	1.2

17. The most striking fact which emerges from the above table is the marked increase, between 1950 and 1960, in the labour force employed in the industrial sector. However, this trend stopped in 1963, the year which saw the start - in accordance with the above-mentioned measures - of a change in the employment policy aimed at diverting towards agriculture a part of the redundant industrial manpower. In fact, its share of the labour force fell from 34.8% in 1960 to 32.5% in 1963. On the other hand, agricultural manpower has shown a steady increase owing to intensive collectivisation and the ensuing mobilisation of rural manpower which, during the decade 1950-1960, had even offset the numbers of rural workers lost to industry.

18. A reference must be made to the employment of female labour in various sectors of the national economy. In 1963, this represented about 29% of the total employment figure. Although not excessively high by comparison with the figure recorded in other Communist countries, this percentage is nevertheless remarkable for a country like Albania, where women have traditionally been excluded from every economic activity, with the sole exception, to a certain extent, of agricultural occupations.

19. The picture of this real "mobilisation of the people" conducted by the régime in order to build Socialism in Albania would not be complete if it was not stressed that the labour productivity in the Socialist sector of the economy is deficient. This point has been completely ignored by the statistics. However, there is sufficient evidence that this problem is creating great difficulties for Albania as it has for the other Communist countries. Confirmation of this can be found in the debates, including the most recent ones, on the economic situation of the country. In the session devoted by the Central Committee of the Party in February 1965 to a review of progress of the economic Plan, the Chairman of the Planning Committee, Koço Theodhosi, when taking note of the low levels of production, attributed them to the "irrational organization of labour" evident in many sectors of production and to the "casual participation of the working classes in the task of production". Such admissions speak volumes: labour productivity poses a most serious problem to the Albanian leaders and will continue to be the major obstacle to the fulfilment of the régime's over-ambitious programmes.

CURRENCY AND MONETARY CIRCULATION

20. The basic unit of the Albanian monetary system is the Lek(1). The latter replaced, in July 1947, the "new franc" (the exchange rate was fixed at 9 Leks to 1 new franc), which had been the result of a previous monetary reform, in July 1946, consisting in the replacement of the "Albanian franc" (5 Albanian francs to 1 new franc) in circulation during the period of the union with Italy. Up to the middle of 1948, the Lek was at par with the Yugoslav Dinar. The Albanian financial authorities, by the decree of 1st July, 1960, fixed the following official rates for the main Western currencies:

1. Canadian Dollar	1	=	51 Leks
2. United States Dollar	1	=	50 Leks
3. Belgian Franc	1	=	1 Lek
4. French Franc	1	=	10.50 Leks
5. Swiss Franc	1	=	1.54 Leks
6. Italian Lira	100	=	8 Leks
7. Pound Sterling	1	=	140 Leks
8. Austrian Shilling	1	=	1.90 Leks

The above rates are only applied in trade transactions. For non-commercial payments (those of tourists, foreign representatives residing in the country, etc.) a premium of 150% is applied to the official rate.

21. The same decree also fixed the official rates of exchange for the currencies of the Communist countries, as shown in the following table:

1. Czechoslovak Crown	1	=	6.94 Leks
2. Yugoslav Dinar(2)	100	=	16.66 Leks
3. Hungarian Florin	1	=	4.26 Leks
4. Rumanian Lei	1	=	8.35 Leks
5. Bulgarian Leva	1	=	7.35 Leks
6. Mark, Soviet occupied zone of Germany	1	=	22.50 Leks
7. Rouble	1	=	12.50 Leks
8. Zloty	1	=	12.50 Leks
9. Yuan	1	=	25 Leks

(1) The currency consists of metal coins representing 0.50, 1, 2 and 5 Leks and bank notes representing 10, 50, 100, 500 and 1,000 Leks.

(2) The new rate of the Dinar resulting from the recent devaluation is not yet known.

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To these values there is also applied, for non-commercial payments, a premium on the rate of exchange which differs, however, according to the currency used.

22. A special system of exchange is adopted for the operations performed by Albanian citizens resident in the country. Albanian citizens who come into possession of foreign currency (this generally occurs in the case of remittances from emigrants) are obliged to exchange it through the State Bank, from which they receive bank notes of a special type known as "Exchange-Leks", which enables them to purchase in special shops imported goods whose quality is better than that of the average products obtainable on the market. The conventional value of 5 ordinary Leks is assigned to the Exchange-Leks. The exchange therefore takes place at the rate of 25 Exchange-Leks to the United States Dollar, thus applying to the Dollar the tourist rate of exchange.

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THE STATE BUDGET

23. The budget estimates of the Albanian Government for 1965, approved in December 1964 by the People's Assembly, are the following:

(in millions of Leks)

	<u>1965</u>	<u>1964</u>
Revenue	34,200	32,200
Expenditure	33,600	31,850
Surplus	600	350

The 1965 budget corresponds to the last year of the Third Five-Year Plan and therefore reflects the task incumbent upon the whole of the national economy harnessed to the final effort to attain the programmed targets. This explains the overall increase of about 6% by comparison with the 1964 budget, which had already shown an increase of about 12% over the one for 1963. Some information on the way in which this increase is spread over the different budget items is given in the following tables:

Breakdown of 1965 Budget Revenue

	<u>Total</u> (in millions of Leks)	<u>Percentage in</u> <u>comparison to</u> <u>1964</u>
1. Revenue derived from the Socialist sector	30,376	108.3
2. Revenue derived from the private sector of the economy	730	102.1
3. Revenue derived from Social Security funds	1,356	101.6
4. Revenue derived from miscellaneous sources	1,738	82.3

24. The proceeds from the Socialist sector of the economy make up the majority of the State revenue (89%). The fiscal system is based on:

- (a) a turnover tax levied on State enterprises (this is an approximate definition), whose yield in 1965 should be 5.5% higher than in the previous financial year, on account of the anticipated increase in production;

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- (b) taxes on the profits made by State enterprises, the yield of which should be 600 million Leks more than in 1964 (i.e. an 18% increase); smaller increases seem to be planned for the other items of the budget, such as the taxes on the agricultural co-operatives, the receipts of the machine-tractor stations (MTS), the proceeds from state-owned property, etc.; the very low (2.1%) percentage share in the total revenue of the yield of rates and taxes levied on the activities of private enterprise, reflects the great strides made in collectivising the economy.

25. The last item of the budget, "revenue derived from miscellaneous sources", largely consists of foreign credits and other foreign financial commitments. It is interesting to note how the amount of this item has steadily declined in recent years, falling from 2,778 million Leks in 1960 to 1,738 million in 1965, i.e. 5.1% of the State revenue.

26. The breakdown by main chapters of the 1965 budget expenditure is given hereafter:

Breakdown of 1965 Budget Expenditure

	<u>Total</u> (in millions of Leks)	<u>Percentage in</u> <u>comparison to</u> <u>1964</u>
1. Investments in the Socialist sector of the economy	20,760.9	106.2
2. Social and cultural expenditure	8,074.6	106.3
3. Defence	2,875.0	103.2
4. State administrative expenses	747.5	101.8
5. Miscellaneous expenditures	1,142.0	92.2

In parallel with the increase in revenue, there has also been a rise in public expenditure of 5.5% over the figure for the preceding financial year.

27. The main item of expenditure consists of the financing of the Socialist sector of the economy, in other words, of State investments, which will account in 1965 for 61.5% of the total budgetary credits. The most prominent of these investments are those made in industrial and agricultural projects, which will amount to 11,314 million Leks. To this sum should be added the direct investments made by the enterprises out of their own budgets which will amount to 3,080 million Leks in 1965. The introductory report on the budget shows that these State investments have been allocated in the following manner: 4,490 million Leks in support of the mining industry, 3,124 million for the other industrial sectors and 3,537 million for agriculture. In addition, 768 million Leks have been allocated to the Ministry of Post and Telecommunications for the financing of expenditures which are within its province.

28. Of the expenditures on social and cultural projects, which account for 20% of the total credits, the most important are the appropriations for the national education system (3 milliard 496 million Leks), for the financing of projects in the field of medical services (1,828 million Leks), and for the Social Security (1,277 million Leks).

29. Defence appropriations, about which, as usual, there is only an incidental reference in the introductory report on the budget, account for 8% of the total expenditure, representing 75 million Leks more than the amount appropriated in the previous financial year.

NATIONAL INCOME, STANDARD OF LIVING AND SOCIAL SECURITY

30. There are practically no statistics on the size and composition of the national income. From the material contained in the Statistical Year Book it has only been possible to compile the three following tables which seem to show that both in absolute terms and "per capita" national income has risen very quickly. As nothing is known about the principles underlying the compilation of these statistics, their reliability is very dubious.

(i) Evolution of Albanian National Income
(calculated at 1960 prices)

Year	Total National Income	Per Capita National Income
1938	100	100
1950	169.2	145.3
1955	288.0	218.0
1960	404.3	262.5
1961	433.5	272.5
1962	459.0	279.9
1963	506.3	299.8

(ii) Albanian National Income broken down
by Production Sectors (calculated at
1960 prices)

	1955	1960	1961	1962	1963
National income	100.0	100.0	100.0	100.0	100.0
A - Socialist sector:	51.5	88.5	89.2	89.7	90.1
State sector	41.6	58.4	55.8	57.5	58.0
Co-operative sector	9.9	30.1	33.4	32.2	32.1
B - Private sector	48.5	11.5	10.8	10.3	9.9

(iii) Comparison between the evolution of the different branches of the economy and that of the national income (calculated at 1960 prices)

	1955	1960	1961	1962	1963
National income	100.0	140.5	150.5	159.3	175.8
Industry	100.0	237.6	266.6	285.6	300.3
Agriculture	100.0	97.0	118.5	122.6	138.2
Building	100.0	232.7	247.5	253.6	268.5
Transport	100.0	268.0	328.5	363.2	301.8
Trade	100.0	144.7	156.3	162.5	169.6
Other sectors	100.0	241.6	245.3	251.3	257.2

31. The above statistics are not entirely valueless, although the increases in the national income they indicate do not seem to be as spectacular as they would like to prove. In order to have a more correct idea of the changes which have been taking place in the country, it seems better to refer not so much to statistics as to certain factual elements which, although they cannot be precisely appraised in monetary terms, nevertheless furnish important evidence of the daily living conditions in Albania.

32. For instance, in examining the standard of living, it is extremely important to bear in mind the political and social environment, created by a particularly harsh Communist régime. Prices and wages, employment and Social Security, housing and the school programmes have all been regulated in every detail by high-level directives. This makes it extraordinarily difficult to establish a comparison with the situation in other countries, since such words as unemployment or under-employment, emigration, the free circulation of labour, wages and the cost of living have a very relative value in a country with a Communist régime like the Albanian one. The allocation of housing, for instance, is strictly linked to the type of employment given to each worker. It is true that housing is practically free, since in most cases rents are nominal, but the worker is left no choice in the matter. In these circumstances, the nominal value of wages loses much of its significance, insofar as it is one element in the standard of living over which, as over nearly all the others, the individual worker has no control, for it is subject to rules which are based primarily on productivity factors - this is at least the official claim.

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33. The levelling-down of all emoluments which range from 4,000 to 8,000 Leks for factory hands and manual labourers, from 4,000 to 15,000 Leks for skilled workers and from 6,000 to 15,000 Leks for "senior staff", stems from social principles inspired by Marxism-Leninism. These nominal salaries are, however, complemented by the granting of certain facilities (housing, canteens, clothing, etc.) which are closely connected with the functions of each worker; so that some differentiation is finally established between persons getting the same basic pay.

34. Once rent has been paid and other compulsory expenses settled, the balance of the wages is mainly spent on food, leaving a very small margin not only for clothes but also for all the other expenditures which are vitally necessary even at a very low standard of living. When it is borne in mind that a kilogram of bread (which together with onions, tomatoes and very little else is the staple food of the majority of the population) costs as much as 40 Leks (even if the quality has greatly improved since the rationally designed bakers' ovens imported from Hungary began to operate at the end of last year), it is easy to see how little of the wages is likely to be left in hand. Some local products such as vegetables, meat (when available), cheese, are within the means of the population as a whole. Choicer local products are now on the market, such as beer, wine, liqueurs, sweets, jams, canned foods, etc., but all these are luxuries and are indulged in only by a few and on rare occasions.

35. The textile industry has also started to produce in increasing quantities goods of a better quality, so that in the towns people are much better dressed in certain circles. The penury of workers and peasants, however, is quite apparent from their appearance in their ordinary clothes. As for the rest of the picture, all that need be said is that a bicycle (costing from about 8,000 to 13,000 Leks) is still a luxury article. The daily sight of the queues in front of the shops which have become a national institution, affords visible evidence of the hardships and difficulties of daily life in Albania.

36. The present régime, which cannot deny the existence of poverty everywhere in the country, endeavours, of course, to offset such a drab picture by pointing to the social and cultural services and welfare benefits, which it claims as the privilege of Communist régimes. The régime must be given credit for the attention it has given to education, from kindergarten up to university; illiteracy, which was once widespread, is no longer a problem today.

37. As regards public health, malaria and syphilis have practically disappeared, and the birth, death and infant mortality rates have greatly improved; however other diseases caused by social conditions, such as tuberculosis and those due to malnutrition, show that living conditions are still difficult. Hospitals, medical surgeries, sanatoria, nursing homes or rest centres, holiday camps and other establishments of the same kind have in fact increased in number (special reference should be made to the establishing in the near future, with the help of the WHO, of the Cancer Research Institute, equipped with a cobalt bomb), even if their effectiveness is inevitably proportionate to the scarcity of the means available.

38. Albania is still a country where a prescription must be produced before a chemist will sell hydrogen-peroxide, cotton wool, gauze for dressings, or the most ordinary medicines. As regards education, it is sufficient to say that at the University and in the majority of schools the students learn from notes dictated by the teachers who possess the precious textbooks. Cases such as that of a stationer who insisted on a certificate from the school before he would sell five ordinary exercise-books instead of the three usually allowed, are much more significant than any statistics. They show how great are the sacrifices made for the last twenty years by this people - whose parsimonious and tenacious nature cannot be denied - in its attempt to attain a much desired, but still elusive, improvement in its standard of living.

39. In order to give some idea of the efforts made in the field of social services, the following tables indicate the number of dwellings built since 1945, the upward trend in the number of people attending educational establishments at various levels and, lastly, the increase in the number of hospitals and other medical establishments.

Medical Establishments

	<u>1950</u>	<u>1960</u>	<u>1963</u>
Hospitals	49	72	81
Sanatoria	4	5	5
TB Dispensaries	8	15	16
Maternity Hospitals	1	38	41
Maternity Wards	37	35	47

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Number of Patients Admitted

	<u>1950</u>	<u>1960</u>	<u>1963</u>
Hospitals	54,104	99,180	113,221
Sanatoria	1,239	3,180	2,695
TB Dispensaries	2,653	3,643	3,469
Maternity Hospitals	3,185	25,990	31,094
Maternity Wards	4,610	7,315	10,866

Dwellings Built by the Socialist Sector

<u>Year</u>	<u>Area in sq.m.</u>	<u>Number of flats</u>
1945	1,500	-
1950	32,000	581
1955	117,030	1,918
1960	200,620	2,994
1963	229,196	3,421

Dwellings Built by the Private Sector

<u>Year</u>	<u>Total</u>	<u>In towns</u>	<u>In rural areas</u>	<u>Rooms</u>
1955	5,796	693	5,103	13,639
1960	7,718	829	6,889	19,786
1963	5,782	306	5,476	15,781

Education and Culture

	<u>1950/51</u>	<u>1960/61</u>	<u>1963/64</u>
<u>I. Pre-School Age Education</u>			
Kindergartens	155	434	450
Children attending	10,004	23,085	24,036
Teachers	297	1,004	1,111
<u>II. Elementary Schools</u>			
Schools	2,222	2,990	3,235
Pupils	172,831	290,728	369,843
Teachers	4,942	9,071	12,199
<u>III. Lower Level Technical Schools</u>			
Schools	8	31	17
Pupils	1,045	4,003	3,692
Teachers	34	163	170
<u>IV. Medium Level Technical Schools</u>			
Schools	17	34	31
Pupils	4,818	14,105	23,182
Teachers	171	511	706
<u>V. Higher Level Schools</u>			
Schools	1	6	8
University Faculties	5	21	24
Students	304	6,703	12,165

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ECONOMIC POLICY AND PLANNING

40. The rigid ideological dogmatism of the present Albanian régime has naturally influenced all its economic policy. The conditions existing prior to the last World War and those following it facilitated, in many respects, the Socialisation of the economy: for instance, the seizure of public works and major industrial concerns financed with Italian or other foreign capital; the replacement of the feudal system of large landed estates by State farms, the grouping of small and medium peasant holdings in co-operative undertakings, the launching of new industrial and social projects entirely financed with State funds, the absence of a bourgeoisie and of a middle class, etc. The régime - whose leadership has remained substantially the same since the consolidation of its power (achieved in 1950) - has aimed at: the gradual elimination of the economic structures of the past, by the total and speedy exclusion of private initiative and interests from the field of production; the collectivisation and nationalisation of all means of production; the centralisation of planning and economic control; the achievement of autarchy.

41. The repercussions of this policy and the degree to which it has affected production will be seen from the analytical study of the industrial and agricultural development of the country. It is necessary to stress at this point that it has had a decisive effect on the Albanian economy and on Albanian foreign trade. It has also inspired all the successive economic plans. Before proceeding with an analysis of the present situation, which virtually coincides with the end of the third Five-Year Plan, it is in order to describe briefly the previous Plans.

42. Immediately after the last World War, from which Albania had emerged with a seriously damaged economy, the task of reconstruction was undertaken with the assistance of Yugoslavia, which thus maintained a certain right of oversight on the most distant satellite of the USSR. Yugoslavia's intervention in the Albanian economy was consistently directed - as the Albanians later asserted - at the integration of the economies of the two countries. The instrument of such integration was to have been "The Customs Union and Economic Co-operation Treaty" of December 1946, which included provisions for parity between the Lek and the Dinar, standardisation of prices, co-ordination of economic planning, etc.

43. In anticipation of these developments, a comprehensive Five-Year Plan was launched for the period 1947 to 1952, and a special "Joint Committee" was set up for its execution. In 1948, however, Yugoslavia left the Cominform and therefore broke off its relations with Albania: the Five-Year Plan was then dropped. Noteworthy achievements of the short life of this Plan include the Tirana-Durazzo-Elbasan railway, the reconstruction of various industrial plants and some measures in favour of agriculture, in which the Yugoslav planners intended to specialise the Albanian economy.

44. There followed a transitional Two-Year Plan, for 1949 to 1950, whose main purpose was to prepare the ground for co-ordination, on the expiry of the two-year period, with the five-year plans of the Soviet Bloc.

45. The Five-Year Plan for 1951 to 1955 marked the intervention of the USSR and its satellites in Albanian economic planning. This Plan, which was introduced as the one which was to end the economic under-development of the country and give it a combined agrarian-industrial economy, aimed in effect at laying the foundations for a rationally planned development and at training the first managerial and technical experts. The results of the plan were not very satisfactory: only a little over 17,000 million Leks had been invested out of the 21 milliard which had been programmed. The completed projects included the "Stalin" textile combine at Tirana, the Maliq sugar refinery, the small "Lenin" hydro-electric plant for the power supply of the capital, a cement-works at Valona (40,000 tons per year) and a few other minor works.

46. The Five-Year Plan for 1956 to 1960 aimed primarily at the development of the mining and electricity industries. In the field of agriculture, the collectivisation and reorganization of production on Socialist bases were completed. The results were certainly more satisfactory, on the whole, than those previously obtained. The extraction of ore from an iron-nickel mine was initiated with the assistance of Czechoslovak technicians, there was an increase in crude oil production, and the working of copper and chrome mines was stepped up; in the sector of electric power production, the construction of the 25,000 kw. hydro-electric power plant on the Mati river and the establishment of a high tension distribution network constituted a great step forward. Much more modest results were obtained in the case of agriculture, the completion of the process of collectivisation was accompanied by a marked fall in production.

47. The third Five-Year Plan, 1961 to 1965, has had a stormy career, which was beset by the difficulties arising out of the political crisis in Albania's relations with Moscow. These events had marked repercussions on Albania's economic relations both with the USSR and with the other countries of Eastern Europe. Although, for obvious propaganda reasons, it has never been officially admitted, it was necessary to make some changes in the Five-Year Plan to take into account the sudden breakdown of a considerable part of the financing arrangements, which was only later remedied by the action taken by Communist China.

48. At the time of its preparation, the third Five-Year Plan had largely relied on the economic and technical assistance promised by the countries of Eastern Europe, in particular by the Soviet Union and Czechoslovakia; other countries which should have made smaller contributions were the Soviet occupied zone of Germany and Poland. The contribution which was to be made by these countries was still mentioned, although there were already signs of the imminent crisis in Albania's relations with the Soviet Union, in the report in which the Chairman of the Council of Ministers, Mehmet Shehu, explained the Plan's targets to the Fourth Party Congress held in February 1961. This document referred in particular to the two major plants which were to have been constructed by the Soviet Union (the nitrate-fertiliser plant at Fieri and the large cement-works at Fushë-Kruja) and to an equally important one which would have been the gift of Czechoslovakia (the phosphate-fertiliser plant at Laç). A few months afterwards, however, the credits and technical assistance were withdrawn.

49. The People's Republic of China which, by an agreement of January 1959, had planned to grant Albania a credit, during the five-year period 1961 to 1965, of only 55 million roubles (old roubles), found itself practically obliged to take the place of the Soviet Bloc countries and to finance a large part, if not the whole, of the credits on which the execution of the Plan was based. Under the agreements concluded in February 1961, subsequently supplemented by the arrangements made in April of the same year, the Government of Peking granted a further credit of 500 million old roubles, equivalent to 125 million dollars.

50. The Chinese, who were now the only financial supporters of Albania's economic plan, imposed as a condition - as became apparent from information subsequently obtained - the revision of some features of the projects and guide-lines. The credits granted were not allocated in cash but were assigned to the execution of a specified number of industrial projects (23), for which the Chinese themselves prepared the plans and supervised their implementation. Of these projects, which appear to be

among the most exacting of the whole five-year programme, eleven were covered by the original Plan while the other twelve are new projects included in the revised Plan. The number of Chinese technicians supervising the execution of these projects has been constantly increasing during the last few years.

51. The revised third Five-Year Plan - on which the directives issued by the Party Congress had conferred a predominantly industrial character - was steered in a new direction, described in the following terms during the Session of the Party Central Committee of October 1962: "the increase in agricultural production represents, in the present situation, the main tasks for the country's economy". Without constituting, as it first seemed, a complete change of course, this new emphasis on agriculture seemed to comply with specific suggestions made by the Chinese who, since they had directly undertaken the execution of a large section of the industrial programme, asked the Albanian Authorities to divert their efforts towards the improvement of the precarious agricultural situation of the country.

52. During the revision process, of course, the execution of the programme fell behind schedule. It can be calculated that, in the first three years of the Five-Year Plan, the investments amounted to only 25-30% of the total envisaged. There was evidence of a marked renewal of activity at the beginning of 1964 when a fresh impetus was given to the execution of the majority of major projects. However, the successive delays which had occurred up to 1963 do not seem to have been entirely made good and it seems that they are bound to affect the date on which the Plan will actually be completed.

53. The study of the data available a few months before the close of the five-year period of the Plan suggests the following comment: the implementation of the economic Plan has been different in the case of the programme for investment and in that for production. The former is, in general, well on the way to completion. Actual work, however, is about one year behindhand; this delay may even grow if the last projects, which are among the largest (the two fertiliser plants, the Fieri steam generating station and the Fushë-Kruja cement-works), were not completed by the end of 1966, in accordance with the present official forecasts. On the other hand, the results of the production programme are much less encouraging. On the basis of the data relating to 1963, which are the latest available, the production indices set as a target in the Plan are far from being attained. In the following Chapters an attempt will be made to review the industrial and agricultural sectors of the economy.

INDUSTRY

54. Before the last World War, Albania did not have any real industry of its own. The few Albanian activities which could be considered as falling within the industrial sector were of a more than marginal nature; whereas the others which had been promoted by Italian capital (primarily mineral production) had not yet been properly developed by 1940. The most advanced industry was crude oil production by the "Azienda Italiana Petroli Albania", which had started to exploit the Devoli oilfields and had had the time to lay a pipeline to convey the crude oil to the port of Valona and to build a refinery at Kuçova. Other mining activities, such as the extraction of copper ore in the Rubik basin and of chrome ore at Bulgize, which were also undertaken by Italian companies, were still in the very early stages of development.

55. For a country which had no industrial tradition nor, in consequence, a true working class, this has been a particularly thorny problem. Furthermore, the volume of the resources which the Albanian planners have been able to devote to this goal has always depended upon the availability of external aid, and the sources of such aid have changed in the course of the political vicissitudes of the régime: Yugoslavia up to 1948, the USSR and its satellites up to 1960 and thereafter the People's Republic of China. In view of the initial difficulties and those which have arisen from time to time since, the results obtained can be considered worthy of some notice, at least when seen against the Albanian background, and provided that the appraisal is restricted to the execution of investment projects (for the results in the production field call for different remarks). The mining, electric power, chemical and building material industries and some branches of light industry have come to the fore during these years. The present review may be limited to these sectors; it will take into account both the situation as it existed at the end of 1960, and the current programmes which the third Five-Year Plan had laid down for each of the above-mentioned sectors.

56. In the present situation, the mining industry is still the most important industrial sector in Albania, both on account of the large proportion of overall national production which it represents and because it produces the goods which Albania still finds to be the most profitable exports. This is particularly true in the case of petroleum, copper, iron and chrome ores and coal. The following table shows the relevant production figures in 1955 and for the period 1960 to 1963:

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(1,000 tons)

	1955	1960	1961	1962	1963
Crude oil	208,078	727,519	770,920	785,208	750,793
Chrome	122,094	289,075	232,458	251,297	293,617
Iron-nickel	-	255,015	358,465	425,047	259,052
Copper	24,465	81,477	80,491	135,972	143,839
Coal	194,641	290,596	289,053	300,994	252,161

57. Petroleum is Albania's oldest industry. It is located in the areas of Kuciova (Stalin City) and of Patos-Marinez; petroleum from oilfields discovered in the latter area in 1957 accounts probably for about 80% of the national production. The two refineries in Stalin City (one rehabilitated after the last World War and the other built in 1957) and that of Cerrik, on which the construction work started in 1956, have together a total annual capacity of about 300,000 tons. The Kuciova-Valona pipeline existed before the war; it has been linked up with another pipeline between Patos, Stalin City and Cerrik. With the completion of the extension of Cerrik refinery and with the construction of the new bitumen plant at Stalin City, scheduled for completion by the end of the year, the investment programme may be regarded as having been fulfilled.

58. This situation, however, which seems to be satisfactory insofar as investments are concerned, does not appear to be accompanied by a proportionate expansion of production. Indeed, it seems that the target set for the end of 1965, namely 1,100,000 tons of crude oil, is still far from being reached; the output figure, which was 727,519 tons in 1960, rose to 770,820 in 1961, 785,208 in 1962 and 750,793 in 1963. Even in the absence of recent statistics and taking into account an increase in internal consumption, the impression that production is at a standstill is strengthened by the rumours heard from various sources to the effect that there is a scarcity of oil for the export trade.

59. Pit Coal is mined in the regions of Tepelene (Memaliaj), Tirana (Kraba) and Korcia (Mborje-Drenova). Under the third Plan, provision was made for the working, for the first time at full capacity, of the new mine at Alarup (in the vicinity of Pogradec), for the equipping of the new mine at Mëzes which was to have been the largest in the country and the capital city's source of supply, and for the completion of a cob-coal plant at Tirana, with a capacity of 25,000 metric tons per year. While

the first and the third of these plants seem to have started to operate by the target date, in the case of the second, work is believed to have started only a few months ago and therefore it is not thought that the installations will be completed by the end of the year. According to the Plan, production should have shown an increase of 45% over the production figure of 1960, rising therefore from 290,000 tons to about 430,000. The statistics, on the other hand, show that production levels have remained stationary: 290,000 tons in 1960, 289,000 in 1961, 300,000 in 1962 and only 252,161 in 1963.

60. The working of the open-cast, but rather poor quality mines of iron-nickel started in 1958 in the regions of Pishkash and Pogradec (Cervenake-Odenishte). The third Plan had provided that the new mine of Përrenjas (in the Pishkash region) would be ready for working by 1966; however, the date at which this mine will start to operate regularly is not yet known. On the other hand, it seems that the Elbasan metallurgical complex for the production of sheets and bars may be completed by the end of the year. The production of ore still seems, however, to be very far from reaching the targets of the Plan which provided for an output in 1965 of 479,000 metric tons, i.e. 87% more than in 1960 (255,000 tons). Indeed, after reaching 358,000 tons in 1961 and 425,000 tons in 1962, output fell to 259,000 tons in 1963 (possibly because of unfavourable weather conditions since open-cast mines are in question).

61. After the liberation, the working of the chrome ore deposits was resumed at Bulqize-Klos and, in 1956, was started in the Kukes-Tropaja (Kalimash) basin. The Plan originally provided for the opening of two new mines, as well as the construction of two plants for the enrichment of the ore, but these projects appear to have been abandoned. Nor has there been any news of a chemical-metallurgical combine which should have been erected in the Milot region. Production of chrome ore has been of 289,000 tons in 1960, 232,000 tons in 1961, 251,000 tons in 1962 and 293,000 tons in 1963. The latter figure falls far short of the Plan target which had been set for that year at a level 18% higher than in 1960, i.e. a planned production of 342,000 tons.

62. Copper. Immediately after the liberation, work was resumed on the Rubik basin, which had been worked for the first time in 1938, and to this was attached a "blister" production plant. To this deposit (which may be almost worked out by now) was added, in 1956, the mine at Kurbenesh, and an enrichment plant was attached to the latter in 1960. Production in this important mining sector has developed substantially thanks to the discovery of the new deposits of Gjegjan (in the Kukes district), which were

worked for the first time at the beginning of the third Five-Year Plan, while the "blister" production plant was being constructed in the area. Another copper refinery is being built in the Rubik mining basin, where a start has already been made with the working of the new Rreshen mine. At the time when the third Five-Year Plan was being revised, it was decided, in view of the availability of this ore, to build at Scutati an electric wire factory which is now nearing completion. The production of "blister" copper has exceeded the Plan targets (in 1965 101% more than in 1960); in fact, it had already risen in 1963 to 2,040 tons from 944 tons in 1960.

63. Electric power. In 1951 the "Lenin" hydro-electric plant was constructed, with a capacity of 5,000 kw., and in 1958, a power plant named after Marx, with a capacity of 25,000 kw. During the second Plan, the network of about 400 km. was completed for a single distribution system. The third Five-Year Plan provided for a marked increase in power production, in view of the anticipated growth of national demand caused both by the progress of industrialisation and by the electrification of the rural districts. Power production, according to the Plan, should increase by 68% by the end of the five-year period. Considered as a whole, the programme can be regarded as well on the way to completion, in spite of the delay of about one year which has affected the Plan in general. In 1963, the new hydro-electric plant of Shkopet (24,000 kw.) started to operate. Two power plants are being constructed on the river Bistriza and will have a total capacity of 27,000 kw., the first was completed in 1964 and the second will be completed by the end of 1965. The 300 km. of high tension distribution network are nearing completion. Lastly, the steam generating station of Fieri (50,000 kw.) should be completed by the end of 1966, that is to say, at the same time as the chemical fertiliser factory which it is to supply with power.

Production of Electric Power in Albania

(in thousands of kwh.)

Year	Total	Steam generating power plants	Diesel generated power plants	Hydro-electric power plants
1938	9,315	-	8,015	1,300
1950	21,434	-	18,372	3,062
1955	85,266	43,862	14,488	26,916
1960	194,348	51,309	22,207	120,832
1961	227,350	91,896	27,555	107,899
1962	242,225	99,055	25,458	117,712
1963	258,281	64,090	26,142	168,049

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64. The chemical industry is a new industrial sector in Albania and the works undertaken in this connection are undoubtedly the most interesting of the third Five-Year Plan. They consist of the two fertiliser plants which should have been built, as already stated, one with the aid of the USSR and the other with that of Czechoslovakia. One plant will be erected at Laç (Northern Albania) on an area of about 10 hectares and should have an annual production capacity of 70,000 tons of sulphuric acid and 170,000 tons of super-phosphates. It is being built by the Chinese themselves who, besides remaking the projects and directing their execution, are also supplying equipment of their own manufacture. The works, which had been launched in 1961, marked time for a long period and were not resumed, in fact, until the middle of 1963; in all probability, they will be finished in the course of 1966. The Fieri plant, which Montecatini is constructing by order of the Chinese, will be able to produce about 120,000 tons per year of nitrate fertilisers. The plant, whose construction is at present at the masonry stage, is scheduled for delivery, under the contract, by the end of 1966. The foregoing figures confirm that the two projects will be of the greatest importance for the Albanian economy. Above all, the products will represent a decisive contribution to the increase of agricultural output. This explains the tenacity with which, despite the difficulties encountered, work has continued on the construction of the two plants. Furthermore, their output, which will be in excess of national requirements, will constitute a valuable item of Albania's future export trade; a high proportion of the surplus is expected to be shipped to Communist China as repayment of her loan.

65. One of the major projects programmed by the Plan in connection with the building materials industry was the large cement-works to be constructed with the aid of the Soviet Union, which should have raised the national production from 73,000 tons in 1960 to 230,000 tons in 1965. This complex, which should have been completed in 1965, will probably be ready for production in a year's time; construction is carried out with Chinese aid. Another major project consists of the large brick-production complex which is being created at Vore (in the vicinity of Tirana), again with the technical and financial aid of China. Other projects (including the asbestos-board factory at Valona and the fire-brick factory at Tirana) have reached an advanced stage. During the revision of the third Plan, the construction of two further cement-works was programmed; one of these, at Tirana, has been completed since 1963 and the other, at Elbasan, is in course of construction. The latter, on which the construction work started only in November 1964 and is now proceeding under the guidance of Chinese technicians, is to have an annual production capacity of 100,000 metric tons.

66. During the readjustment of the Plan, some projects concerning the engineering industry were sacrificed with the intention of concentrating on the execution of works designed to solve the problem of the production of spare parts, which had become particularly serious since difficulties had arisen with the Eastern European countries. The extension of the two engineering works at Tirana was therefore undertaken and, in 1963, work started on the construction of the factory for the production of spare parts for tractors, which is proceeding under the direction of Chinese technicians and should be completed in 1965.

67. With the exception of the food industry, which seems to have been neglected, the programme of investments in the light industry sector is progressing fairly satisfactorily. The most noteworthy of the major projects are the large "Mao Tse-Tung" textile combine of Berat, which will be the Chinese counterpart of the "Stalin" combine, donated in the past by the USSR, and the extension of the Korcia hosiery works. The revised plan also includes various other projects, such as three paper mills and the factory turning out metal household utensils at Argirokastro, all of which have been completed or have reached an advanced stage under Chinese direction.

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AGRICULTURE

68. Agriculture is a thorn in the side of the Albanian régime; it is, as in the other Socialist countries, a constant source of failures and difficulties. The latter are essentially of a human nature. The agricultural sector has proved to be the most refractory one to the new structure forced upon it by the system; the peasant represents the social category most attached to the private and independent nature of its activities. It has not been the same in industry where the expropriation of a small number of owners did not have repercussions on the workmen for whom it only meant a change in management and having to accept the new conditions of work. In agriculture, however, a great number of people had to give up an activity which revolved around the principles of personal profit and accept working under supervision in collective farms. This is the only possible explanation of the present situation of the Albanian agriculture which, after having been reorganized, substantially mechanised and provided with a large number of technicians, is not yielding today, in the case of many types of crop, more than it did in 1938.

69. The organization of the Albanian agriculture along Socialist lines went through two successive phases: first, the expropriation of the large holdings with distribution of the land to the peasants and afterwards collectivisation. The first phase was carried out very quickly after the setting-up of the régime. At the beginning, expropriation, in accordance with the law of August 1945, was limited to holdings of more than 20 hectares (this limit was increased to 40 hectares in the case of model farms); in May of the following year, the land reform was pushed further, private farmland property was limited to 5 hectares and all forms of transfer of rights, including transfer by inheritance, were forbidden. With the expropriated land 70,000 small farms were created. These were later suppressed and transformed into collective farms to the great disappointment of the new owners.

70. It took, however, another ten years before the Government was able to embark upon the final stage of this operation. The decision of the Third Congress of the Party of May 1956 was applied drastically during the period of the second Five-Year Plan. In 1960, 85% of the cultivated area had been transferred to the Socialist sector (in 1955 the percentage was 15.5%). It was then possible to consider collectivisation as having been carried out, since the remaining 15% of the land represented very small holdings in hilly and mountainous areas which could not be profitably collectivised. However, even this portion was partially collectivised later, so that the Socialist sector now represents 89% of the arable land.

71. It is worth noting that whilst, on the one hand, the State farms group together a large number of holdings (34 estates represent more than 55,000 hectares), on the other hand, the continuous shrinking of the private sector has inevitably resulted in a considerable number of minute individual farms, more than 43,000, which together represent only 49,000 hectares of cultivated land; i.e. slightly over 1 hectare per farm (see Table A/II). These very small private farms, in spite of their many handicaps, hold their own against the collectivised sector, with crop yields which are not below the national average (see Table A/V).

72. The collectivisation of Albanian agriculture, motivated by political considerations, has not been altogether fruitless. Remarkable progress has been made as regards land reclamation, diversification of crops and mechanisation; however as regards stock-breeding the situation has remained stationary. The general use of chemical aids in agriculture will have to wait until the completion of the plants which have been mentioned in the preceding chapter (Laç and Fieri).

73. The increase of the arable area has been obtained by the reclamation of the coastal plains and that of Korcia, and by cultivation of the low hills area (especially by growing vineyards, olive trees and fruit trees). In the mountain areas (forests cover an area almost equal to one-half of that of the country) considerable reafforestation has taken place as well as work to improve the waterways which are generally torrent-like. The first steps towards a rational organization of the agricultural resources were taken during the period between the two World Wars. But it was only after the consolidation of the present régime that the programme of land reclamation was carried out with adequate mechanical means and with the technical assistance of the Soviet Union in the first stages and of Communist China now. The work is naturally far from having been completed, even if land drainage can be considered as having reached an advanced stage and that the areas still susceptible of future reclamation are only marginal.

74. Between 1938 and 1963 there has been a substantial increase in the arable area, from 292,000 to 492,000 hectares; this has resulted in a slight reduction of the forest area and a rather important shrinking of the area covered with pasture land and meadows. Together with this development of the cultivated area, there has been a major diversification of basic crops and an increase in the number of specialised ones (see Tables A/I and A/III). Indeed, there has been a substantial increase in the number of industrial crops (cotton, sugar-beet and beetroot, sunflower, hop, etc.); there has also been an increase - but to a lesser degree - in the more intensive type of crops, such as rice (the experts responsible for growing it are mainly Chinese), potatoes, leguminous plants, special fodders, etc.

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75. Some of the tables at the end of this chapter give a good idea of the significant expansion of vineyards and orchards. However, the validity of some of the forecasts recently made by the official propaganda services is open to doubt, i.e. that Albania, in 1980, would have 10 million olive trees, 22 million fruit trees, 2.6 million citrus trees and over 23,000 hectares planted with vineyards.

76. Progress in the mechanisation of agriculture has been remarkable, especially as regards tractors (see Table A/VI). Their number has increased from 359 units (average of 15 hp. each) in 1955 to 7,036 in 1963; these figures must have gone up recently as a result of the continuous flow of imports from Communist China (in 1955 there was one tractor for 1,090 hectares of arable land - in 1963 the proportion was one for 70 hectares). Similar increases have been registered for the other agricultural machinery such as harvesters, ploughers, weeders, seeders, etc.

77. To the efforts made in order to modernise and rationalise agriculture should be added those made in the chemical sector to produce artificial fertilisers, spread the use of fungicides and other forms of aids to agriculture and to livestock breeding. For the time being the use of chemical aids is still at the experimental stage.

78. Stock farming has made no progress. The number of cattle has remained stationary at its 1938 level; the number of buffaloes has decreased as a result of a reduction of the malarial swamps area. The number of horses has also declined slightly, but such a diminution has been offset by the corresponding increase in the number of mules and of donkeys. This development seems to be in contradiction with the general trend noticeable in other countries, where mechanisation and motorisation have resulted in a decrease in the number of horses and donkeys. There has also been an increase in the number of pigs and other farmyard animals. The number of sheep, which mean so much in a mountain economy, remains static, but there has been a slight increase in the number of goats. It is difficult to say whether the quality of the livestock has improved since the statistics about the production of meat, milk, wool, eggs, etc. are rather vague. The official propaganda endeavours to pinpoint the modern methods used in livestock breeding (use of selected studs, artificial insemination, cross-breeding and selection of prize cattle, improvement of animal feeding, better veterinary methods, etc.); but the results seem rather poor if one has to judge by the look of the cattle.

79. Statistics on agricultural production indicate that it has a tendency to stagnate and that it has not come up - at least at this stage - to the régime's expectations, especially after taking into account the investments allocated to agriculture. Table A/IV, which shows the yields per hectare for some of the main crops, illustrates the present situation of the Albanian agriculture.

TABLE A/I
ARABLE AREA

(hectares)

	1938	1963
Sown Area	276,000	438,200
Orchards	2,000	21,000
Olive Groves	10,000	21,000
Vineyards	4,100	11,900
Total	292,100	492,100

TABLE A/II

BREAKDOWN OF ARABLE AREA ACCORDING TO
TYPES OF FARM
(Situation in 1963)

	Total	Co-operatives	State Farms	Other State enterprises	Private sector
Number of farms	-	1,172	34	250	43,500
				(hectares)	
Sown Area	438,200	325,600	55,800	6,900	49,900
Orchards	21,000	13,100	3,800	2,400	1,700
Olive Groves	21,000	13,300	5,100	500	2,100
Vineyards	11,900	5,800	4,700	1,000	400
Total	492,100	357,800	69,400	10,800	54,100

TABLE A/III
AREA UNDER CULTIVATION (MAIN CROPS)

(hectares)

	1938	1959	1960	1963
<u>Total</u>	221,030	397,790	369,500	410,840
of which:				
- bread grains	184,500	260,483	244,912	243,184
- rice	400	2,851	2,993	3,871
- fodder grains	28,400	40,862	39,419	35,951
- industrial crops	2,930	52,193	48,366	64,658
- vegetables and potatoes	3,800	13,551	14,905	26,883
- green fodder	1,000	22,850	18,903	36,293

TABLE A/IV
PRODUCTION AND YIELD OF MAIN CROPS

	1938		1959		1960		1963	
	Tons	per hectare	Tons	per hectare	Tons	per hectare	Tons	per hectare
Corn	38,570	7.0	101,666	10.1	62,254	7.4	59,963	7.3
Maize	143,750	11.5	200,111	13.5	125,586	8.3	192,141	12.6
Rye	3,080	7.0	9,089	7.7	5,641	5.8	5,175	5.9
Total bread crops	185,400		310,866		192,481		257,279	
Rice	640	15.0	5,294	18.6	4,630	15.5	4,135	23.6
Barley	4,760	7.0	4,536	8.3	3,442	7.1	3,048	7.0
Oats	8,250	5.0	15,143	6.9	10,931	5.3	10,996	5.5
Cotton	145	5.0	20,993	8.7	16,107	7.4	23,108	10.2
Tobacco	1,950	7.5	13,369	7.3	7,129	4.0	15,981	6.2
Sugar-beet	-	-	144,869	252.7	76,691	126.0	93,872	157.0
Beans	-	-	2,394	8.9	1,971	5.9	8,148	7.6
Potatoes	3,600	90.0	26,387	87.6	23,406	67.7	23,726	76.1

TABLE A/V

TOTAL AREA AND AVERAGE YIELD OF MAIN CROPS
COMPARED TO AREA CULTIVATED AND
YIELDS OBTAINED IN THE PRIVATE SECTOR OF THE ECONOMY
(1963)

	Average yield on a national basis		Yield in private sector	
	hectare	per/hectare	hectare	per/hectare
Corn	82,315	7.3	5,737	5.8
Maize	152,058	12.6	29,060	14.2
Rye	8,811	5.9	2,388	7.8
Rice	3,871	23.6	8	25.0
Barley	4,255	7.0	770	6.5
Oats	20,113	5.5	1,921	6.4
Cotton	22,956	10.2	6	10.0
Tobacco	25,601	6.2	680	7.6
Sugar-beet	5,980	157.0	60	123.0
Beans	10,774	7.6	169	9.3
Potatoes	3,091	76.1	743	73.7

TABLE A/VI

AVAILABLE AGRICULTURAL MACHINERY

	1938	1960	1963
Tractors (actual number)	28	2,712	3,774
(number on the basis of an average of 15 hp. for each tractor)	30	4,510	7,026
Harvester-threshers	-	349	443
Threshing-machines	75	322	633
Ploughs pulled by tractors	30	2,985	4,080

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TABLE A/VII

LIVESTOCK

(in thousands)

	Horses	Mules	Donkeys	Bovines	Buffa- loes	Sheep	Goats	Pigs	Poultry
1938	54.4	10.4	44.6	391.2	21.5	1,573.9	932.3	15.3	1,037.2
1950	50.5	15.8	51.0	419.2	15.1	1,707.0	830.2	46.7	660.1
1955	48.7	15.3	51.3	421.8	11.1	1,734.3	1,014.1	85.9	1,075.2
1960	48.9	17.0	57.1	420.2	6.6	1,548.5	1,104.3	130.4	1,580.0
1961	48.7	17.6	58.4	414.9	5.6	1,585.5	1,142.5	128.1	1,676.7
1962	46.4	18.6	59.5	407.1	5.3	1,575.6	1,119.4	108.0	1,651.0
1963	45.2	19.0	57.9	401.5	4.8	1,581.1	1,110.9	111.5	1,691.9

EXTERNAL TRADE

80. Available figures and information on Albanian external trade, although lacking in precision, nevertheless give a sufficiently clear picture of the evolution of Albania's external relations, in particular with the Soviet Bloc.

81. In 1960 and especially in 1961 - a critical year in the conflict between Moscow and Tirana - various economic sanctions, including the interruptions of trade, were applied to Albania by the Soviet Government and the governments of the European satellite countries. Transactions with the European satellites survived the political crisis, but have since been limited, not only by the refusal of these countries to grant Albania credits and other payment facilities, but also by their obstructive methods, such as rigorous checks imposed on the entry of all Albanian goods. Table C/II, which contains data (in million Leks) on trade in 1959, 1960 and 1961 between Albania and the Soviet Union, the European satellites and Communist China, clearly shows the change in the volume of trade which followed the implementation of such measures. The value of this trade has been compared with the total value of Albanian imports and exports during the same years.

82. In 1959, the last year during which trade relations between Albania and the Soviet Bloc were normal, the former imported from the Eastern European countries goods to a total value of 3,967 million Leks. Such imports were only financed partially by Albanian exports to these countries amounting to 1,605.5 million Leks; the deficit was obviously covered by credits, mainly granted by the Soviet Union; the latter during that year delivered goods on credit terms to a value of 1,783 million Leks. During that same year, Soviet Bloc countries took 94% of Albanian exports and provided Albania with 92% of its imports. Trade with the USSR represented 47% of total Albanian exports to the Eastern European countries and over 60% of its imports from them. Trade with Communist China was modest: imports amounted to 120.6 million Leks and exports to 42.3 million Leks.

83. Already in 1960, a slight contraction in the commercial transactions with the Soviet Bloc countries is noticeable, both in absolute value and in percentage. During that year, total Albanian trade amounted to 5,751 million Leks (against 5,572.5 in 1959). However, Albanian imports from the Soviet area declined from 92% to 86% of total imports and exports from 94% to 93% of total exports. In addition, the deficit of the Albanian balance of trade with the above-mentioned countries shows a slight reduction, resulting quite obviously from a tightening up of the credit grants. This trend became evident in 1961 when,

following a reduction in the value of imports - which fell from 3,487.9 million Leks in 1960 to 2,364.7 million Leks - trade with the Soviet Bloc was almost balanced. There was, on the other hand, an expansion of trade with Communist China. It resulted in an increase of the deficit of Albania's balance of trade with Communist China and the granting of credits by the latter to the former. The pattern of this trade had become similar to that of Albanian/Soviet Bloc trade before the break with Moscow.

84. Table C/I clearly shows the direction in which Albanian trade has developed from 1962 onwards; it includes, in addition, figures for 1960 and 1963 (last year for which data are available). Trade with the satellites seems to have been stabilised; that with Communist China and its satellites is increasing markedly, whereas trade with the USSR seems to have stopped altogether (see Table C/II). In 1963 (see Table C/I) trade with Western and other free world countries grew; this rise is not, however, proof of an attempt by Albania to diversify its trade. The volume of trade with the free world is still very small in comparison with the amount of business transacted by Albania with Communist China and the European Communist countries.

85. The commodity breakdown of Albania's external trade shows that it has the characteristics of that of a developing country. Albania exports raw materials and semi-manufactured products and imports the whole range of machinery, equipment and products necessary for its industrial and agricultural development. The main products exported are crude oil, bitumen and its by-products, chrome ore, ferro-nickel and - more recently - "blister" copper, tobacco (as well as cigarettes), cotton (short fibre), wool, hides, fresh fruits and vegetables.

86. Total trade and the trade deficit have hardly changed at all. This state of affairs corresponds to the policy of the régime, which is endeavouring to balance exports and imports. The stagnation of trade underlines the limited capacity of the Albanian economy to increase the quantity and the range of products available for export after having met the growing internal demand.

87. It is possible to conclude from the foregoing that much of the industrial and agricultural development of Albania has been achieved thanks to external aid received, first from the Soviet Union and now from Communist China. It is difficult to forecast when Albania's exports will be sufficient to pay for its imports. The last figures available show that imports have been covered by exports to the following extent: 40% in 1959, 63.3% in 1962 and 68% in 1963.

ALBANIA'S TRADE WITH SOCIALIST COUNTRIES OF EUROPE
AND WITH COMMUNIST CHINA

(in million Leks)

	1959		1960		1961	
	Imports	Exports	Imports	Exports	Imports	Exports
Bulgaria	193.8	33.9	133.6	79.8	93.3	84.5
Czechoslovakia	513.5	338.1	391.9	389.6	515.9	482.7
Soviet-Occupied Zone of Germany	377.6	240.7	272.2	235.4	200.8	230.5
Hungary	159.5	108.5	128.3	179.1	165.5	127.3
Poland	246.8	96.0	171.2	136.7	199.1	199.0
Rumania	74.4	25.0	107.3	32.4	64.8	18.5
Total	1,565.6	842.2	1,204.5	1,053.0	1,240.4	1,142.5
USSR	2,401.4	763.3	2,283.4	1,210.1	1,124.3	1,053.5
Total trade with Eastern European countries	3,967.0	1,605.5	3,487.9	2,263.1	2,364.7	2,196.0
Total amount of Albanian external trade	4,264.7	1,700.6	4,053.9	2,428.1	3,611.6	2,428.9
Communist China	120.6	42.3	348.6	104.1	974.0	138.5

TABLE C/I

ALBANIA'S EXTERNAL TRADE - DEVELOPMENT OF TRADE
WITH MAIN GROUPS OF COUNTRIES
(at current prices)

(in million Leks)

	1960	1961	1962	1963
<u>Total Trade</u>	6,482.0	6,040.5	5,275.0	5,941.1
- Imports	4,053.9	3,611.6	3,229.4	3,537.1
- Exports	2,428.1	2,428.9	2,045.6	2,404.0
- Balance	1,625.8	1,182.7	1,183.8	1,133.1
<u>Socialist Countries</u>				
- Eastern Europe	5,751.0	4,560.7	2,115.2	2,111.9
- Far East	465.6	1,143.2	2,742.6	3,331.9
<u>Western Countries</u> (Italy, Federal Republic of Germany and France)	211.8	256.0	164.3	312.7
<u>Other Countries</u> (Cuba, Yugoslavia, Austria, Sweden, Switzerland, etc.)	53.6	80.6	249.9	184.6

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TABLE C/II

ALBANIA'S EXTERNAL TRADE - EXCHANGES WITH EUROPEAN AND
FAR-EASTERN SOCIALIST COUNTRIES
(at current prices)

(in million Leks)

	1960		1961		1962		1963	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Czechoslovakia	391.9	389.6	515.9	482.7	435.7	522.1	505.6	294.8
Soviet-Occupied Zone of Germany	272.2	235.4	201.8	230.5	121.0	242.3	180.8	156.9
Poland	171.2	136.7	199.1	199.0	158.3	245.1	226.2	202.4
Hungary	128.3	119.1	165.5	127.3	83.0	76.2	104.3	123.9
Rumania	107.3	32.4	64.8	18.5	45.7	58.1	80.7	91.1
Bulgaria	133.6	79.8	93.3	84.5	23.7	102.7	30.3	114.9
<u>Total</u>	1,204.5	1,053.0	1,240.4	1,142.5	867.4	1,246.5	1,127.9	984.0
USSR	2,283.4	1,210.1	1,124.3	1,053.5	1.3	-	-	-
Total Eastern Europe	3,487.9	2,263.1	2,364.7	2,196.0	868.7	1,246.5	1,127.9	984.0
Communist China	348.6	104.1	974.0	138.5	2,107.1	585.1	2,083.5	1,168.3
North Korea	-	-	13.5	9.4	12.6	10.1	34.1	26.9
North Vietnam	-	12.9	-	7.8	19.7	8.0	11.1	8.1
<u>Total</u>	348.6	117.0	987.5	155.7	2,139.4	603.2	2,128.6	1,203.3

TABLE C/III
ALBANIAN EXPORTS
COMMODITY BREAKDOWN
(at current prices)

(in million Leks)

	1960	1961	1962	1963
Total	2,428.1	2,428.9	2,045.6	2,404.0
- Fuels, minerals and metals	1,357.6	1,363.7	1,288.8	1,163.2
- Animal or vegetal raw materials	467.7	269.4	137.0	397.0
- Foodstuffs	477.5	603.0	507.2	617.8
- Consumer goods	78.7	131.6	94.1	213.2
- Other goods	46.6	61.2	18.5	12.8

TABLE C/IV
ALBANIAN IMPORTS
COMMODITY BREAKDOWN

(in million Leks)

	1960	1961	1962	1963
Total	4,053.9	3,611.6	3,229.4	3,537.1
- Machinery, equipment and spare parts	1,900.4	1,345.4	899.3	1,162.5
- Fuel, minerals and metals	513.4	491.0	720.0	851.9
- Chemical and rubber products	245.4	271.8	338.8	332.9
- Building materials	55.1	39.2	48.3	45.1
- Mineral and vegetal raw materials	240.2	267.4	258.3	220.5
- Raw materials for food processing	692.3	817.1	432.7	542.4
- Foodstuffs	94.8	181.2	290.4	155.8
- Consumer goods	302.5	198.5	241.6	226.0

TABLE C/VMAIN ALBANIAN EXPORTS LISTED BY COUNTRY OF DESTINATION

	1960	1961	1962	1963
<u>CRUDE OIL</u> (thousand tons)	329.3	290.5	272.6	310.3
- Bulgaria	23.2	21.5	15.0	-
- Communist China	20.9	55.9	104.7	117.3
- Soviet-Occupied Zone of Germany	100.1	120.9	86.0	85.7
- Italy	-	-	66.9	107.3
- Hungary	33.9	-	-	-
- USSR	151.2	92.2	-	-
<u>BITUMEN</u> (thousand tons)	207.6	168.8	136.8	196.0
- Bulgaria	20.2	20.5	32.2	48.9
- Czechoslovakia	8.5	9.6	28.4	7.7
- Communist China	-	-	16.0	47.6
- Soviet-Occupied Zone of Germany	12.5	6.6	5.7	5.9
- Poland	15.1	20.4	34.0	35.8
- Rumania	7.9	1.8	15.7	6.9
- North Korea	-	4.4	-	5.9
- North Vietnam	6.2	3.8	3.8	3.8
- Hungary	3.7	2.9	0.6	9.0
- USSR	133.5	98.8	-	-

TABLE C/V (Contd)

	1960	1961	1962	1963
<u>IRON ORE</u> (thousand tons)	245.5	416.7	417.3	80.2
- Czechoslovakia	225.7	345.4	400.4	43.5
- Communist China	-	-	-	20.0
- Hungary	19.8	28.1	16.9	16.7
- USSR	-	43.2	-	-
<u>CHROME ORE</u> (thousand tons)	248.5	233.8	269.1	247.8
- Czechoslovakia	75.6	62.9	58.2	46.7
- Communist China	33.5	36.6	46.6	66.0
- Soviet-Occupied Zone of Germany	47.7	44.2	49.1	32.4
- Italy	-	1.9	1.2	-
- Poland	39.1	55.2	54.9	44.2
- Rumania	3.8	4.0	8.9	15.6
- Hungary	25.7	17.8	14.8	18.1
- Yugoslavia	23.1	11.2	30.4	24.8
<u>COPPER "blister"</u> (tons)	761	1,304	1,569	1,935
- Bulgaria	51	50	50	50
- Czechoslovakia	83	191	151	151
- Communist China	140	150	791	1,002
- Soviet-Occupied Zone of Germany	50	141	130	-
- Poland	10	140	101	102
- Rumania	40	50	50	60
- North Korea	-	-	-	129
- Hungary	235	428	296	441
- USSR	152	154	-	-

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TABLE C/V. (Cont)

	1960	1961	1962	1963
<u>TOBACCO</u> (tons)	6,925	2,226	-	3,905
- Bulgaria	248	247	-	-
- Czechoslovakia	300	-	-	499
- Communist China	-	-	-	2,243
- France	-	-	-	204
- Soviet-Occupied Zone of Germany	178	-	-	-
- Poland	91	297	-	-
- Rumania	-	-	-	359
- Hungary	454	-	-	400
- USSR	5,654	1,700	-	-
<u>CIGARETTES</u> (tons)	2,488.3	2,707.1	2,132.0	2,914.0
- Czechoslovakia	23.0	50.0	50.0	269.0
- Communist China	-	-	1,797.0	2,645.0
- Soviet-Occupied Zone of Germany	-	-	170.0	-
- Poland	13.3	50.0	115.0	-
- USSR	2,452.0	2,607.1	-	-
<u>FRESH VEGETABLES</u> (tons)	1,333	3,700	5,655	3,556
- Czechoslovakia	72	1,119	3,213	2,315
- Soviet-Occupied Zone of Germany	770	1,904	2,107	791
- Federal Republic of Germany	-	-	-	102
- Hungary	163	214	180	173
- USSR	128	463	-	-

TABLE C/V (Contd)

	1960	1961	1962	1963
<u>CANNED FISH</u> (tons)	260.3	455.0	184.0	284.0
- Bulgaria	-	57.7	97.0	105.0
- Soviet-Occupied Zone of Germany	4.0	32.0	13.0	-
- Poland	18.0	74.0	50.0	-
- Rumania	23.0	66.0	-	-
- Hungary	215.3	226.0	24.0	179.0

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TRANSPORTS AND COMMUNICATIONS

88. Data on this sector of the economy are very significant indeed; perhaps more than others, they give a clear picture of the difficulties with which the Albanian economy is confronted.

89. The road network is composed of about 700 km. of asphalted roads, which can be considered as fairly good (in spite of the deficiencies in the layout of the roads, the lack of proper public works and adequate maintenance) and about 1,000 km. of carriage roads which are in a much worse state than the asphalted ones.

90. The length of the railroad network is 151 km. The following towns are linked by railway lines:

- Tirana-Vore-Durazzo - 38 km.
- Durazzo-Laç - 29 km.
- Durazzo-Rogozhine-Elbasan - 72 km.
- 12 km. of railway lines used for industrial purposes only.

91. The merchant navy can be estimated at about 15,000/20,000 tons; to which should be added about 15,000 tons owned by the "Joint Albanian/Chinese Navigation Company" which handles the seaborne trade with the Far East.

92. The following table recapitulates the movement of goods according to the various means of transportation used:

(in thousand tons)

	1961	1962	1963
Total	14,295	15,704	16,036
Road transport	13,094	14,424	14,891
Rail transport	1,201	1,280	1,145
Seaborne transport	354	328	275
- overseas trade	152	197	166
- coastal trade	202	131	109

Absolute figures are low and the proportion of goods carried by rail or ship is not high. Road transport in 1963 represented 92% of all land transports.

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93. As regards shipping, the following are the only figures which it has been possible to gather:

(in thousand tons)

Year	Total tonnage	Overseas trade	Coastal trade
1950	369	195	174
1955	621	393	228
1960	1,428	1,117	251
1961	1,658	1,321	337
1962	1,505	1,226	279
1963	1,230	968	262
<u>Harbour Traffic in 1963</u>			
<u>Ports of:</u>			
Durazzo	937	853	84
Valona	115	72	43
Saranda	120	43	77
St. John of Medua	58	-	58

94. As regards air transportation, there is a weekly flight from Rinas Airport (Tirana) to Rome (ALITALIA), Belgrade, Budapest, Prague and a twice-weekly flight to East Berlin. Passenger traffic is practically limited to government officials.

95. Significant figures are also given by the Post Office statistics. There are 218 Post and Telegraph Offices in the country; they handled, in 1963, 10,214,000,000 letters only and 1,053,300,000 telegrams, of which 29,000 were sent abroad. There are 10,150 telephones in the country of which 5,066 are dial telephones. Radio licences increased from 53,559 in 1960 to 70,913 in 1963.

96. There is some talk of introducing television with the help of Chinese technicians. For the time being, only a few VIPs own television sets, which allow them to follow Italian or Yugoslav programmes.

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TOURISM

97. Whereas during the last few years there has been a gradual development of tourism in various European Communist countries, in Albania the situation is still very different. It is sufficient, in this connection, to quote a declaration by a member of the Party Secretariat, Ramiz Alia, at the Session of the Central Committee of the Party of July 1964, when in the course of the debate on "the strengthening of the ideological action of the Party in favour of the Communist education of the workers", he said that "the bourgeois and revisionist ideology makes its way in our country too, through various channels such as: the radio, the television, the foreign press and periodicals, films and letters received from abroad, tourism, etc."

98. The absence of conditions favourable to the expansion of Albania's touristic possibilities is obvious, in spite of the creation, as early as in 1956, of a special organism, the "Albturist", to promote tourism. When "Albturist" was launched, the Albanians expected a development of tourism with Communist countries; this in fact happened until 1961. Since then the flow of organized Communist tourist groups has stopped and the duties of "Albturist" have been limited to organizing the travels and sojourns of official guests and groups, and - seldom - those of parties coming from Western countries (Germany, Austria, Switzerland, the Netherlands). Another type of visitor to Albania are the foreign nationals of Albanian origin (coming from North or South America, or from other parts of the world), who go back to Albania to visit relatives.

99. To the above difficulties, which stem from the régime's directives, should be added those resulting from the insufficient hotel infrastructure and the absence of an adequate organization to receive and help the tourists. Hotels are very few: there is a good one in Tirana, the "Dajti", which is reserved for foreigners (built in 1940), a hotel at the summer resort of Durazzo, built with Russian aid, another one has been opened at Argirokastro and the construction of smaller ones is almost finished at Valona, Fieri and Permetti. There are, of course, other hotels and guest houses in smaller towns, but their primitive equipment cannot even satisfy the needs of a tourist disposing of modest financial resources. The tourist faces considerable difficulties before being able to obtain even the simplest things in a hotel (in the best hotel, the "Dajti", there is hot water only in the evening and only one hairdresser is available for foreigners). The deficiencies of the road network have already been pointed out. In addition, there is no organization whatsoever to help the motorist, there are no service stations and the quality of the petrol, available only in tins, is poor (60 octane).

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100. The only points of entry into Albania are: the Rinas Airport (Tirana) for persons flying into the country, the port of Durazzo for persons sailing to Albania, and for those travelling by road, the towns of Hani Hotit (for travellers coming from Scutari - Titograd) and Qafe Thanës (for persons coming from Okrida). Visas for Albania are valid for one trip only to a specified area; a special permit from the police is needed to leave it. For the organized groups, the members of which must always stay together, there are special collective visas. The movements of diplomats are also limited; they can only use the main roads to Scutari in the North, Elbasan in the South-East and Durazzo in the South. For any other journey a special permit, which must be asked for in advance, is required.

101. Accommodation in the hotels is arranged through "Albturist" which allocates even the hotel rooms, as this obviously makes control of the guests easier. Foreigners can only have contact with authorised persons. A police regulation makes it compulsory for the population to inform the police within 24 hours of any visit made to them by a person who is not a resident, this rule applies even to visiting relatives.

102. There is no need, of course, to speak of the Albanian tourist travelling abroad since passports and foreign currency are only granted to government officials and very seldom to anybody else. On the other hand, the few persons who go to Albania visit it only for professional purposes - such is the case for officials, businessmen and technicians - or for family reasons.

103. In spite of the ideological prejudice against foreign tourism, it must be stressed that this question has not escaped the attention of some of the Albanian leading circles, who are well aware of the efforts made in this field by certain Communist countries and of the favourable results which seem to have been achieved. The Yugoslav initiatives in this respect will not fail to confront Albania with a number of options: indeed, it must be expected that the completion of the road along the Dalmation coast will give to a large number of tourists the opportunity of reaching the northern border of Albania. In the present circumstances, the flow of tourists will be stopped at the border instead of being able to carry on towards the lake of Okrida or the Greek border; the latter, however, is still closed in view of the "state of war" which continues to exist between Greece and Albania and the absence of diplomatic relations between the two countries. It would be easy to link up the roads between Antivari, Dulcigno, Titograd and Scutari in the North, as well as those between Korcia and Florina (in Greece) in the South. It remains to be seen whether the Albanian Authorities will continue to ignore the interesting possibilities which tourism, even transit tourism, holds for their economy.

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104. The strict opposition of certain organisms of the régime to an expansion of tourism must, however, be reckoned with (i.e. some of the more intransigent sectors of the Party, without forgetting, of course, the Police). There is, nevertheless, a less hostile attitude to tourism in certain leading circles who are favourable to its development and are conscious of the obvious economic benefits resulting from it. This desire reveals, perhaps, a still hidden tendency to seek introducing some flexibility in the régime through more frequent contacts with the outside world.

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CONCLUSION

105. The economic development of Albania has been marked by the touchy nationalism of its leaders and by a rigid application of Marxism-Leninism. Economic life has also been influenced by the isolation of the country resulting, in part, from its geographical situation but mainly from its leaders' policy, which has estranged it from the European Communist countries and even more from the Western world. One of the outstanding features of the economic policy of the present régime has been the constant pursuit of autarchy. The latter, however, has not been achieved in view of the country's insufficient resources and its state of under-development. Albania has had therefore to seek foreign aid, but it has always been careful to assert its political and ideological independence vis-à-vis the donor countries.

106. Since 1945, Albania has received aid - of a critical importance for its economy - in turn from Yugoslavia (until 1948), the Soviet Union and its satellites (until the break with Moscow in 1961) and now from Communist China, which has become its only support.

107. Although the Albanian leaders would have very much liked a quick industrialisation of the country, the Yugoslavs as well as the Soviets tried to steer the Albanian economy towards agriculture; this was in fact one of the reasons of the break between Tirana and Moscow. In this respect, it must, however, be underlined that Communist China has been of the same opinion as Moscow; it did not fail to advise Albania to give priority to the expansion of its agricultural resources. Provisions to this effect were indeed made when the Third Five-Year Plan was revised in 1962.

108. The Albanian leaders seem to be aware that in spite of the results achieved in the last few years, all the economic problems have not been solved. The latter, ultimately, stem from the Communist system itself. Thus, in a report submitted to the Central Committee of the Party in February 1965, it is mentioned "that the population participates reluctantly in the production process, is careless and has no interest in collective ownership....".

109. In Albania, as in all the other European Communist countries, the population does not find the constant exhortations of the authorities a sufficient incentive to encourage them to participate actively in the "building up of Socialism". It seems, however, out of the question that the Albanian leaders, in order to improve the present state of affairs, would consider putting into practice Libermann's or Trapezinkov's economic theories, or take as a pattern the timid attempts at economic reform which have been made recently in some Eastern European Communist countries. Indeed, such a decision would quickly compel them to modify in depth the structure of the régime; this step, were it taken, would mean that they would blatantly contradict themselves after their bitter attack against Soviet "revisionism".

110. The Albanian economy suffers from all the classical evils of Communist régimes: lack of individual initiative, excessive centralisation, tentacular bureaucracy and estrangement of the population. In addition, its future development is jeopardised by the country's isolation. The absence of sufficient contacts with the outside world, except with Communist China, necessarily brings about a technical, scientific and cultural atrophy.

111. In the long run, the economic progress of Albania will depend upon its leaders' choice concerning the country's economic, political and cultural relations with the rest of the world. Either Albania will opt for social and economic development thanks to increasing exchanges with the outside world, in particular with the surrounding Mediterranean countries, or Albania will decide to maintain its present isolation, which will inevitably involve the country - despite Chinese aid and provided it is continued - in a backward process.

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