

# The Albanian Implosion

## CHAPTER XVI

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### PYRAMIDS COLLAPSE

A crucial part of the Albanian democratic reform was the privatisation of our economy. I must admit that I am not in a position to make a correct assessment of this issue. I wish I could give an answer to some of the questions which arise in one's mind, when one hears of corruption in the National Privatisation Agency, corruption at the highest levels in the government, corruption in the DP. I wish I was better informed about the way the pyramid schemes functioned. But I'd rather have the experts deal with the situation after the relevant documents are made public, if ever.

In an article published days ago in the "Albania" newspaper, I wrote that the state could be brought down by wrecking its finances and also, most frequently, by resorting to armed violence. Both tactics were used successfully in Albania by opponents of the DP and by the numerous enemies of Berisha, both political and personal. His opponents got hold of the key that would bring down the pyramid schemes. They also got hold of the key to the doors of the armouries.

The time when the Ministry of Defence was receiving world-wide congratulations on the successful completion of the extensive reform of the army (mid 1996), coincides with the days when the pyramid schemes were starting to rise their interest rates on deposits at a feverish speed. The upward trend continued with interest rates spiralling towards unprecedented heights, and the State with weak financial means at its disposal could not even interfere, let alone stop it. It can be said that the pyramids blew the economy off-course, by creating a false impression of well-being.

These two events cannot be considered mere coincidences.

Many things have been said about the money investment schemes. Experts say that if no light is cast upon the pyramid phenomenon Albania has no chance of making headway.

In my opinion, the puzzle of the scum pyramid schemes will never be solved, because neither side (democrats and socialists) appear to be interested in conducting an impartial and completely open investigation. Investigating them is like treading a treacherous ground and lifting the lid of a pot that stinks.

When the new Parliament met after the May elections in July 1996, many people were expecting Berisha would no longer rely on the old team to govern the country. But their hopes were not fulfilled.

If Meksi government had had the will and desire to investigate the pyramid schemes, it had plenty of time - from November 1996 to February 1997 - to do so. Our financial experts, with the help of foreign specialists who were

eager to collaborate, would have reached some conclusion and could have taken decisive steps to avoid as much damage as they could in the circumstances. But the Meksi government hesitated. President Berisha also dragged his feet before he relieved Meksi, which was too little too late.

It appears that Berisha's hands were tied, in the same way as in the summer of 1995 when he declared that he would begin to fight corruption in Tirana Town Hall. He hesitated and ultimately paid a much higher price than he could have imagined. With the capital city in chaos, and the whole country in despair, the South rebelled and reviled him.

The price that the DP paid for its unpardonable hesitations:

In the 29 June 1997 elections, Tirana did not produce a single DP member of Parliament in direct ballot.

Kavaja, the cradle of Albanian democracy, did not want Tritan Shehu, the Chairman of the DP, to represent them in Parliament. The North, which was reputed to be the DP stronghold, produced a bare handful of deputies in direct ballot.

Will the DP have the courage to reflect on the cause of the defeat and find out what went wrong, or will it bury its head in the sand like an ostrich and continue to put the blame on the "left front" for the rebellion.

The bleak prospects for the DP are made bleaker still by the fact that it has no national leader. Berisha is now widely regarded as the Northerner who is hated by the Southerners. His image is irreparably damaged. He cannot solicit the votes and support of people from Lushnja to Saranda, from Vlora to Korça who labeled him a gangster and a thief. It would take a miracle to transform his image.

The pyramids, no matter how they were organised and who ran them, dug the grave of the DP. To some extent, the DP was digging its own grave by allowing them to set the rot in the country.

If the ruling SP hesitates in investigating the pyramid schemes, too, then its fate will be no better than that of its predecessor's. The forces that brought about the collapse of the DP and pushed the country into this abyss, are still active today and operate with the same strength and according to the same logic.

The pyramid schemes are not being investigated yet. The socialist government has promised that by early next year the investigation will be completed. But the longer this state of limbo continues, the more time their bosses have to cover up any incriminating tracks and transfer the money into secret bank deposits.

Much speculation has been going around concerning the pyramid phenomenon, by those who know and those who don't. The fact remains that the pyramid schemes are the cause of an irreparable trauma which affected the whole country. But there is also the fact that the lost money is somewhere, in the pockets and treasure-troves of certain people, and can not be returned to the depositors.

There has been much talk about the amount of money lost in the schemes, most of it is pure speculation. Some so-called experts have come up with unbelievably high figures, but in the end, there is a general agreement that the money involved amounts to approximately one and a half billion dollars.

This figure looks more or less acceptable, if you think about it.

Simple sums.

Albania has (or had) about three and a half million inhabitants, and around one million of them are eligible to open a personal deposit.

During these last six years, about half a million Albanians are working abroad (although recently, one hears about the number of Albanian immigrants working in Greece alone as being 1.5 million. This figure was given by the British Ambassador in Tirana).

Let us accept a more conservative figure - 500,000 immigrants whose savings of years of hard-earned money doing illegal work in Greece, Italy, Germany and elsewhere, were sent home to keep their families going.

Let us assume that each immigrant sends home (in Albania, because Albania is still home for them) about \$1 000 a year. It appears that each year about half a billion dollars entered the country.

If we multiply half a billion dollars a year with an average of three years work for each immigrant, we obtain a slightly bigger figure than the estimated amount of money lost in the schemes, which does not upset my calculations.

So, the accusations that the pyramid schemes were set up and operated only with the help of dirty money sound quite unfounded.

Experts from the IMF have arrived in Tirana in order to help the Ministry of Finance, and to guide the administrator in charge of investigating the pyramid schemes. What do these experts expect to uncover when they have in charge a person by the name of Malaj, well-known in Vlora and now making his mark in Tirana.

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I met Malaj in London at the annual meeting of the European Bank for Reconstruction and Development in April 1997. Full of energy and self-confidence, despite being a Finance Minister in a provisional government of National Reconciliation, Malaj did not miss a chance to put all the blame for the disaster on Berisha and the DP, whether in the Foreign Office at his meeting with the director of the Political Department, or at the brief "coffee" break with Mr. King of the IMF.

I mentioned Malaj not because he did anything worth mentioning while in London, but because of what he said to me and to the embassy chauffeur, Agron Hoxha. His words spoke volumes about his character.

I accompanied Malaj to Heathrow because it was part of my duties as ambassador to receive and see off to the airport officials from my country, even at this point when the Albanian State was almost non-existent. I was just trying to save appearances in the eyes of the British.

At the airport shops Malaj repeated what he had said to me in town that he was looking for a video cassette for his son to learn English. Indirectly, he was trying to tell me to buy the video cassette for him.

When he saw that I didn't take the hint, he put it bluntly:

- Buy me the video cassette and send it to me by air mail in Tirana.

Malaj boarded the plane, and I returned to London. On the way back, the chauffeur told me that the Minister had demanded a present from him:

- Everywhere I've been all the embassy staff and their chauffeurs have showered me with presents. What about you? Aren't you going to give us something?!
- Agron is a straightforward and reliable chap and I did not doubt his words.

I was not sure whether comrade Malaj was provoking or blackmailing us. Anyway, no matter what the Minister of Finance had in mind, this unimportant event made an unpleasant impression on me.

I did not expect the head of the Albanian "serious fraud squad" could descend to such petty blackmail. It is disgraceful if someone from the staff of the Albanian embassies appointed by the Democratic Government, if some ambassador appointed by decree of President Sali Berisha, yielded to this kind of pressure.

If Malaj did this only to test the mettle of the people employed by the Democratic Government, then God help those who failed the test. It is naive for them to hope that Malaj would keep it a secret. Because he can easily make a public "statement" and declare that all Berisha's men are corrupt.

And worse still, he could put the ball in their field and accuse them of trying to bribe him, by pushing presents on him so as to have him put in a good word for them in the next government (this was before the elections in June).

Heil, Malaj, well met!

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**YOUR VIEWS**