

## **The EU integration of Albania and the improvement of Social Cohesion in the country as a result of the process**

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**Abstract.** The European Union, still remain one of the most crucial objectives into the agenda of Western Balkan countries, especially Albania ,due to the benefits that offers the membership . The evolution of the economic and politic events and situations occurs in those countries, makes the acceleration of acceptance more safely or not. The specification of the factors that have an huge importance on the problem, must be crucial for the politic-makers, in order to reduced the negative effects on the development of their countries, discussing in this manner for the effective strategies. Membership, first of all is considered like an opportunity for the socio-economic development , reducing the unemployment and giving the citizens an better standard of living. But , this process, like all the other process, have in self many costs, whether social notwithstanding economic costs. This is true, not only for the countries of Western Balkans , but also for the countries of European Union. How many opportunity is given to Albania for integration and also why, it's a dual problem that has take many years. Something is sure, the integration has a good impact to the social cohesion in the country but the reasons and the consequences of the process, still remain the keys "to open" the doors of the European Union.

*"There will be no peace in Europe if the states are reconstituted on the basis of national sovereignty... . The countries of Europe are too small to guarantee their peoples the necessary prosperity and social development. The European states must constitute themselves into a federation..." (Jean Monnet)*

**Keywords:** Economic Integration, Social-Economic Costs, Social Cohesion ,Unemployment.

### **1 Albania's road towards European Union**

Fall of totalitarian communist regime from the beginning of '90 years, wishes to the Albanian the desire to apply for everything different with what were previously learned. Models on which Europe was throw up after the Second War, by providing it's citizens a standard incomparable according to us, accelerated still more over the Wind of Change. The idea that Albania should definitely be part of Europe, was an aspiration of expressed strong into the public meeting during the years. The establishment of a strong democratic state and applying concepts of free market economy seen as the only strategy to cast the first steps towards integration in the large European family with which diplomatic relations was placed immediately in the years'90. In addition, the task of politics in Albania must be into the focus of 4-establishing the foundations of the European Union:

- 1.free movement of goods/services
2. free movement of employed

3. the free movement of capital
4. freedom of entrepreneurship

Clearly, the actions necessary to implement and requiring less time were trade agreements can be signed between countries. This because, in relation to other points, Albania has much to do, is to become more words in years before the fall of the regime where the people had no knowledge of the proper functioning of free market economy and free enterprise.

External openness towards the world, found many of the peoples not prepared in the context of economic knowledge . The structural change seeks people with new skills and therefore the unemployment rate in the country rose significantly in the first years. Emigration to neighboring countries viewed as road rescue from poverty despite the risk of qualification that have had, the risk for those who do not quit was much more.

Year 1992 signed the first agreement for trade and cooperation with the European Union, which enabled the approach of Albania through the free trade promoted by stimulating the customs tariff and assistance from the EU.

The years showed an approximation of the EU to our country reflected in the economic benefits (often free) that the EU granted the country's development in various spheres of life especially economic-social. Appliance and participation in various programs such as Phare and Cards program of the EU for Eastern European countries consolidate democratic state by providing a satisfactory economic growth and almost constant in time until 1995, year in which Albania became a member of the Council of Europe.

However, worsening economic situation after 95 years, accompanied with a disability and the Albanian political class to control the situation stemming from the bankruptcy of pyramid firms, led to the freezing of EU relations with Albania. Labeling of Albania as a country not stable politically and economically (the sound and the foreign press such time), which surely decline our image, especially in EU countries. Still now I think the famous phrase of Edith Durham that “*Balkan is punk barrel into the Europe*” is very concrete up to the consolidation of the new country :Kosovo.

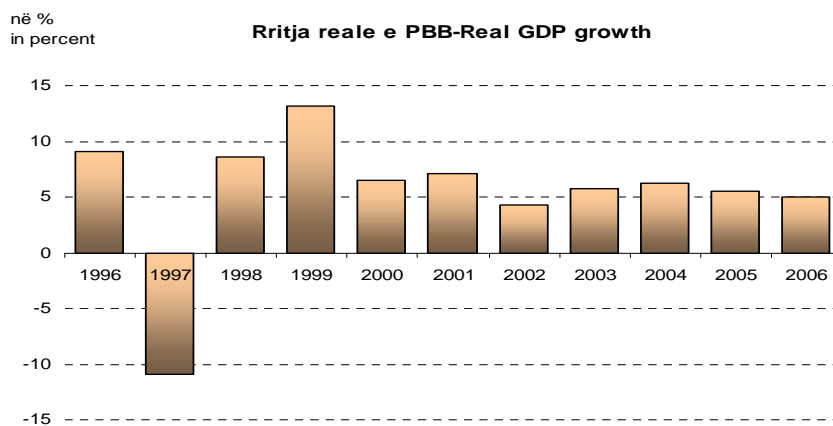
The situation in Kosovo and in Albania, feared that tensions in countries around interfering in this way the stability of their economic and political, so led the EU to dedicate a particular importance in the Western Balkans, contributing in this way for peace in the region .The project of Stabilization and Association confirms what is said ahead . The integration of Albania into NATO and the recognition of independence of Kosovo, many countries gave great impetus to the implementation of Albanian’s dream for integration, and this is reflected in the number of high investment foreign in major projects particularly in the energy field .Obviously, this contribute to long-term and medium-term plan to improve the macroeconomic variables of the country, especially the unemployment rate giving in this manner a new dimension of social cohesion in the country.

What must not be forgotten is the fact that European integration is a costly process with long extension in time and requires optimal coordination of all agents participating in the terms of those who operate in favor of integration of Albania.

Draft of optimal strategies, translated into reform and efficient projects, which require a efficient implementation, are inception to accelerate the process, which enable a strong democratic state that respects individual rights and a sustainable economic growth, captured by the standards required by Europe.

However, the relationships with neighboring countries are another factor that influence the process but actually the relations have been respective, neutral in time of unrest, creating political stability not

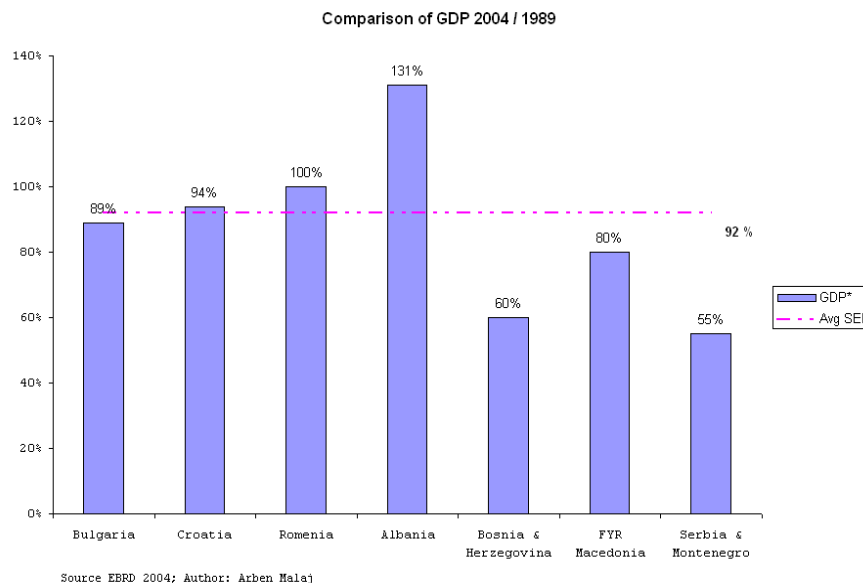
only for us but for the Balkan countries. European integration should not be seen as simply border merger, but as a long-run objective, achieving it, the country creates the image of a substantial standard of living for its citizens, and respects in the maximum of individual worship .On this perspective, we can say that Albania has much to do, while the foundations of democracy are still fragile and often times with fluctuation by corruption which according to International Corruption Index- Albania ranks 4th place in the world giving an anemic color to integration processes, for the more our economic standard leaves many to discuss, with reference to GDP per capita in the following years as follows:.



**Figure .1 Real GDP-growth in Albania over the years**

Source : Bank of Albania

Figure above leaves to think that the drafting and implementation of effective economic strategies is emergency to improve the economic situation. The situation in fact, up to 2004 was not so unlikely for the objective to be a part of EU ,where according to the average GDP of the SEE countries ,Albania have had average GDP larger than the other Balkan’s countries. Look to the below figure.



**Figure. nr 2 The Comparison of Balkan Countries GDP to Average GDP of SEE countries**

Furthermore, Albania has had the obvious advantage over Croatia and which currently enjoys in the EU candidate status. Normally, change the form of functioning of the state was accompanied by very high costs, especially on the economic and social sphere. Most important reasons why the situation was break I think are:

1. The unrestraint desire to try something different, losing in this manner the good values that society already have.
2. Unknown foreign values, of which suck (especially negative) was accompanied by major social cost.
3. Great poverty because of structural unemployment too high after '90 years as a result of new market demands.
4. Un knowledge of the rules of free market economy, restructuring enabled a new strata of the society with regard to the economic aspect, increasing the base poor peoples that lived in the minimum vital.

The support of the EU enabled Albania to enjoy a relatively stable economic growth on the margins of 6% (World Bank) and the fact that now we are member of NATO (April 2009) adds that the premises in the near future to be part of the great European family.

***The duties are numerous, but the most emergency remain :***

1. The return of the land to real owners.
2. The strengthening of state's institution
3. A strong base democratic state that has into the foundation the individual rights.

These objectives can be dissolved in self into sub-goals which reach them in many areas but the most important is that all together determine the standard of human life.

**2 Economic development as a factor that determine the social cohesion**

The European Union has repeatedly emphasized the improvement of social cohesion of the country in order to be a part of it. Cohesion can be viewed as social multidimensional process outcome of which is affected many factors, which have different specific weight but the most crucial factor that determine the process is the economic growth of the country. Social Cohesion, which means the capacity of society to ensure a high welfare society, can not be addressed without check over into the economic situation of the country, for the more is precisely the social welfare of citizens and social welfare that determine, into this framework, the social cohesion of the country. So improving the macroeconomic variables in order direct improvement of social cohesion country is a duty for all of us.

Integration in the EU increases the probability of improving the social cohesion by the following reasons:

***1. The enlargement of the borders which enables:***

\*To the creation of new markets for businesses, in this way increasing the chances for profit.

\*To increase the rate of employment as a result of the above-mentioned process.

\*To increase consumer demand enabling the creation of new businesses or expansion of the current businesses

\* To increased the especially foreign investment that affect significantly into the improvement of living standards of community.

**2.The better perception to function democratic values of state and society:**

\* This is through contemporary models, whether these social and government, applied in Europe.

\* The benefits from the mistakes occurred in the time in these models, from different countries, given the chance not to repeat.

\* highlight extraction values of human capital accumulated within and abroad the country during the years.

**3.Better function of state and this through:**

\* Strengthening capacity building of state institutions for the normal operation of them.

\* Improvement of performance through training of officers financial support by the EU.

\* The evolution processes of decentralization, stressing the interest of the community, so public interest, and involvement of citizens in decision-making.

But the question naturally arises: How real is the economic situation in Europe then to think about probability of Albania to improve social cohesion as one of the recommendations highlighted by the EU ?

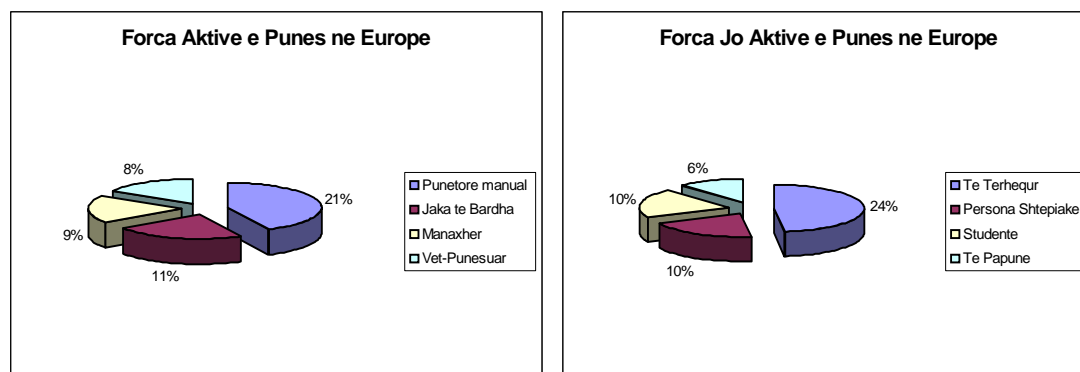
Currently, the global crisis which sure has affected the economies of EU, reflected in well-being of citizens ,reducing the number of jobs subsequently, and that their living standards.

Problems in economy is focused in the incomes by the works because is logical to think this : *Its economic welfare that condition the social welfare of people.*

According to the EuroBarometer Survey for 2008, under the 25 EU countries, including potential candidates Croatia and Turkey, show that active and non active force of population has a distribution between the components like this below.

**Table nr 3 : The structure of labor force in the EU countries**

<b><i>Active Force</i></b>		<b><i>Non Active Force</i></b>	
Manual workers	<b>21%</b>	Retired persons	<b>24%</b>
White neck	<b>11%</b>	Households	<b>10%</b>
Managers	<b>9%</b>	Students	<b>10%</b>
Self-employers	<b>8%</b>	Un-employers	<b>6%</b>



Source : Eurobarometer Survey

Clearly seen from the charts that manual workers are the most busy of the labor force, which's let to understand that investment in human capital is not at the desirable level and as a result can be viewed like an opportunity to increase the rate of employment. Thus, may think that concerned in education or in human capital can be seen as a factor that improves social cohesion and promotes the improvement of society values, trust in state institutions, etc.

What's amazing by many studies concerning in this field is the fact that there is no strong correlation between these 2 variables. According statistical analysis, does not exist significant relations between level of education in society and level of trust, or tolerance. One of the reasons of this conclusion maybe is the error to focused on the individual level of social cohesion using aggregate dates for the problem.

The countries with the lowest scores on societal cohesion were found to be Germany, Portugal and the USA, whereas those with the highest scores are the Netherlands, Denmark and Norway. According in distribution in terms of skills, the results show that measures of inequality in educational outcomes are rather higher in English speaking countries such as the UK, the USA and Canada than in some Northern Continental and Nordic countries such as Germany and Sweden. Education is clearly not the only factor that predisposes people towards joining, trusting and engaging, but it is a powerful predictor, at the individual level, even when controlling for other variables such as wealth, Income, Age and Gender.

To Robert Putnam, expert of social capital theorists, "*Human and social capital are clearly related, for education has a very powerful effect on trust and associational membership, as well nor many other forms of social and political Participation.*" (Putnam, 1995 ).

Obviously, economic theories and education is seen as an important factor in the growth of a country and therefore will have the power to determine the level of social cohesion. The international community has committed itself to eliminating poverty and to achieving Sustainable Development. Particularly since the Johannesburg Summit, it has been increasingly the fact that Sustainable Economic Development depends on Sustainable Social Development. For these reasons, economic policy and social policy need to be brought into a much closer relationship with one another than has been customary. Social cohesion also contributes to economic development. A stable society is a favorable environment for business enterprise. The market economy depends on having people with money to spend; poverty is not a sound basis for economic development. In other words, what is good for social cohesion is also good for business and community.

### **3 Some processes that improve the Albanian Social Cohesion**

Social cohesion is the ongoing process of developing a community of shared values, shared challenges and equal opportunity within Albania based on a sense of trust, hope and reciprocity among all Albanians.

Actually, focusing in this problem results not an comfortable situation .As the problem has microeconomic and macroeconomic variables , in many times the concentration into the micro level(individual level) does the collection of dates an problematic process ,because the preferences of the peoples or their behaviors regards different problems are not the same. The collection of information ,in this manner ,results to be taken by through not formal questioners.

***The opinion enforcement by the:***

- a. High imprudence by all interests groups regards the problems of the third ages in Albania
- b. Mistrusts into the performance of state institution by the high corruption.
- c. Not the necessary protection to the needy strata which lives below of the vital minimum level, sure that the standard of living of these peoples reflects these of the nation.
- d. Devaluation of the peoples who invests into human capitals and doesn't feel integrated into the society to give their contributions due to the non subjective factors.
- e. Frustration of the young people due to a not safe future (unemployment etc), so these influence negatively into the relationships with the others especially with parents. Sure many problems those create for the society in whole.

Thus, it's a duty for those who creates the social policies to focused into this directions in order to rise a new mentality , grow stronger by the educations resulting in a high level of social cohesion in the society into the future. Many analysts like Colman emphasize the local power and local communities, and has arguably been subsequently most successfully applied at this level, rather than at the level of whole societies (Woolcock, 2000)..

- a. Decentralization of local power look likes an process that rise improve the services of governments to peoples, an process that bring the individual more closely to making-decisions process and like consequently transmit faith, values to community.

A good model of governance is described in the following diagram:



*b. The coordination of those agents is in function of the cohesion process*, but is easily to understand that decentralization is an instrument that improve social cohesion , but like all the other process seeks financial support ,despite others. According to the statistics below it's obviously to bring in conclusion that this thing is not hopeful whiles the deficit budget remain in a constant level among the years (about 4% of GDP).

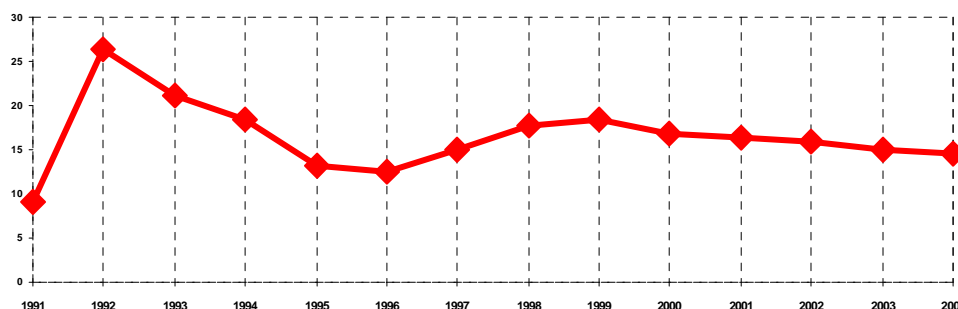
**Table 5: Composition of the budgetary adjustment (% of GDP)**

	2005	2006	2007	2008	Change: 2005-08
<b>Revenue</b>	24.4	25.6	25.8	26.8	2.4
<i>s of</i>					
- Taxes and social security contributions	22.0	23.1	22.1	24.2	2.3
- Other (residual)	2.4	2.5	3.7	2.5	0.1
<b>Expenditure</b>	27.8	29.7	30.6	30.7	3.0
<i>of which:</i>					
- Primary expenditure	13.9	15.2	15.7	16.2	2.3
<i>of which:</i>					
Gross fixed capital	4.6	6.1	7.1	7.2	2.6
Consumption	9.3	9.1	8.7	8.9	-0.4
Transfers & subsidies	4.0	4.2	4.2	3.4	-0.7
Other (residual)	6.7	7.2	7.6	8.3	1.5
- Interest payments	3.1	3.1	3.0	3.0	-0.2
<b>Budget balance</b>	-3.4	-4.1	-4.8	-4.0	-0.6
<b>Primary balance</b>	-0.3	-1.0	-1.8	-1.0	-0.8
<b>Gross debt level</b>	54.6	54.9	54.2	53.6	-1.0

Sources: EFP, ECFIN calculations



What's clearly is the increase of social contributes from one year to another, that reflect the actual situation of labor market in Albania. The level of unemployment in years is like in the below figure:



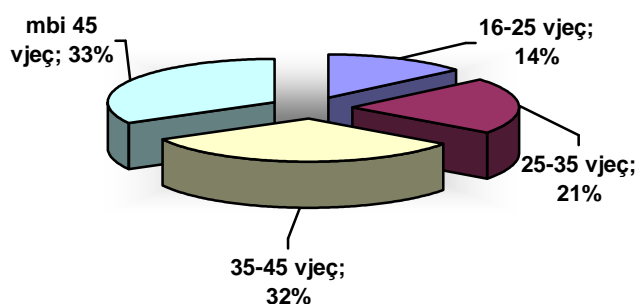
**Figure nr 6 : The inclination of unemployment rate in Albania during the years**

*Source:* Ministria e punes dhe ceshtjeve sociale/ Ministry of Labor and Social Affairs

Reflecting an considerate constant rate into the 5 lasts years, with a high probability to be focused in this problem, for as much , like all the other economic problem has high social costs for the society. Regards the level of the employment in Albania using the criteria of age, we have this diagram :

- 16-25 years old are 14% of total employment
- 25-35 years old are 21%
- 35-45 years old are 32%
- over 45 years old are 33%.

**Te punesuar sipas grupmoshave**



**Figure nr 7 : The employment in Albania according the age criteria**

*Source:* Ministry of Labor and Social Affairs

By the figure gives up to mind that the new generation doesn't find itself in a good position into the Albanian labour market, thus the consequences of the phenomena seek changes of the dimensions of the market.

**c. Albanian labor market** continues to face significant challenges, such as relatively slow job creation or high youth and long-term unemployment. The effectiveness of programs for attracting jobseekers remains generally constrained by inadequate design, lack and irregularity of funding and insufficient training capacity. The labor market policies must be focused to maintain a broadly flexible framework and a sound rationale, though more attention should be given to improve clarity of their presentation.

**d. Public administration reform** continues to be a key priority for the Albanian authorities. Despite some solid progress achieved over the previous years, the reform agenda remains very broad and challenging: rationalization of the size and structure of the public sector, reforming the pay system in order to improve transparency and provide appropriate incentives for improved performance and accountability need to be pursued in view of achieving an efficient and lean public sector. While the size and the cost of Albania's wage bill in public sector are in line with regional comparators, institutional capacity and efficiency of the public administration still leaves a large space for further significant improvements. In this context, it is in particular important to ensure a proper compliance with the Law on Civil Service and improving its record of implementation as well as to accelerate progress in the completion of the human resource management information system (HRMIS).

**e. Additional reform areas** must be taken to improve the situation in the judicial system. This information is extremely useful as outstanding deficiencies of the judiciary indeed seem to hinder the economic development of the country. Enforcement of property rights continues to be weak and only marginal progress has been achieved in improving the system's efficiency. Due to significant delays in the courts it is often difficult to obtain court rulings and enforce contracts. Land ownership rights have not yet been guaranteed, particularly in urban and coastal areas. The related legal uncertainty on collateral recovery still impedes bank lending and investment. Overall, EU strongly encourage the Albanian authorities to proceed with the adoption of the outlined legislative acts and subsequent duly implementation of the commensurate measures as soon as possible in order to get the objectives..

In Microsoft Word use the [ Insert | Caption ] menu option to add captions.

**Equation 1** Formula for Submission Acceptance

$$(Paper) \sum_0^n Author \equiv Accept$$

## 4 Conclusion

Social Cohesion is a process which is conditioned, and by the other hands, determine the economic growth of the country reflecting in this manner the nation standard of living , its stile , trust, values and behaviors into the state institutions .The inclusion of Albania into EU improve the performance of the process while, all of us are consent that the state still is sick by the negative phenomenon like corruption, devaluation of human capital etc. In the microeconomic level the problem must be improve during the education of the peoples , meanwhile in the macroeconomic level through same processes with economic and both social base. Civil services at all levels of government need a capable, motivated, and efficient staff in order to deliver quality services to its citizens. When civil service functions and structures are decentralized, existing bureaucratic patterns must be reorganized as roles and accountability are shifted. Decentralization thus intensifies the need for capable staff and increases the importance of capacity-building programs.



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