

Correlation between Government and Economic Growth – Fiscal Policy during the Transition in Albania

Xhenet SYKA , Ilir KADUKU

Abstract

In this paper we tried to analyze some aspects of fiscal policy in our country, without pretending to give our own sample. Fiscal policy is the use of government expenditures and taxes which affect economic activity. Determination of fiscal policy in a given year takes into account the time virtually the past (current socio-economic status) and the implications for the future (fiscal sustainability).

In general the cases dealt the role fiscal policy plays toward economic growth. The analysis many focused both in the theoretical treatment as well as the role that fiscal policy has played in our country, going even further in some suggestions for the future. The most important issue was addressed in the long-term fiscal policy view, fiscal sustainability. In the final everything is addressed to the role of fiscal policy on social issues.

The role that fiscal policy should play in economic and social development has long been a controversial issue and is still different among economists. While a restrictive fiscal policy means increasing taxes and cut government spending. Fiscal policy may be expansionary or restrictive. An expansionary fiscal policy means a reduction of direct and indirect taxes and increased government expenditures. Choose between two types of fiscal policy is not an easy decision, both in terms of the current state of the economy, as well as political decisions.

Key words: Fiscal policy, Socio - economic - status, Economic development, Fiscal sustainability, Government, Economic growth,

1. Introduction

Fiscal policy is the use of expenditures and government taxes affecting economic activity. Determination of fiscal policy in a given year, in fact, considers the past (current socio-economic situation) and implications for the future (fiscal sustainability).

Fiscal policy can be expansionary or restrictive. An expansionary fiscal policy means reduction of direct and indirect taxes and increased government expenditures. These policies will encourage more expenditure and boost economic activity. While a restrictive fiscal policy means tax increase and government expenditure cuts. These policies will reduce the level of aggregate demand and help inflation reduce. To choose between two types of fiscal policy is not an easy decision, both in terms of the current state of the economy, and political decisions. Choosing of fiscal policy is one of the most controversial issues of the role of government in social and economic life of a country, not only by economists, but from a wider range of people. In this article I discussed some of the issues on which the debate over fiscal policy remains open.

The article is comprised of four issues. The role played by fiscal policy on economic growth will be treated in the first issue. The analysis will focus on the theoretical treatment as well as the role played by fiscal policy in our country, stretching even further in some suggestions for the future. The long-term fiscal policy will be treated the second issue, fiscal sustainability. It will also analyze the status of fiscal policy in Albania seen in the context of fiscal sustainability.

The role fiscal policy plays in social issues will be treated in the third case. In a country with a high poverty rate and an economy that requires large investments, the choice of budgetary policy is a controversial issue. The role of politics in the choice of fiscal policy will be treated in the last issue. This issue will focus on the role played in the political development of the country. The article closes with conclusions.

2. Fiscal Policy and Economic Growth

Macroeconomic link between fiscal policy and economic growth has for the long period long attracted the attention of economists. Unfortunately, studies that were carried out in this manner were proved unsuccessful. One of the main causes of this failure is due to the inability to build the fiscal policy indicator. According to Tanzi Vito and Zee Howell H (1997), three present key indicators of fiscal policy-government spending, taxes and budget deficits. But the economic literature does not favor any of these indicators as a worthy representative of fiscal policy.

In economic literature, none of the components of fiscal policy, taxes, government expenditures and budget deficits do not show strong correlation with economic growth when analyzed separately. The lack of this correlation may appear due to the inability of each of the components of the budget to fully represent the position of fiscal policy.

In the study of Baldacci Emilio (2003)¹ for 39 countries supported by IMF programs during the 90-s, noted “ ... we did not find a positive correlation between fiscal consolidation and economic growth in Benin, Gambia, Lesotho, Former Yugoslav Republic of Macedonia, Senegal or Tanzania, where all dealt with budget deficit (excluding grants) of less than 2.5 % of GDP in ‘90.” Countries under the IMF program are advised to keep a low budget deficit level in order to ensure the necessary environment for sustainable economic growth. In fact, the study carried out in these countries concluded that fiscal policy choice is conditioned by the specific terms of one country and the same model cannot be used for all countries.

Despite not finding a sustainable empirical relationship between fiscal policy and economic growth, the role of fiscal policy in economic development remains essential. Theoretically, it is accepted that an expansive fiscal policy will increase aggregate demand which will result with increased production. In a simulated model for the Turkish Economy Osdemir (2006) it was concluded that fiscal policy affects the level of economic growth. The simulation results showed that the higher is the share of public spending on infrastructure in the total public expenditure, the greater will economic growth is.

A very significant role of fiscal policy on economic growth is its impact on macroeconomic stabilization. An economy with an unstable macroeconomic environment, in a world with nominal contracts, will increase the risk of long-term agreements, thus contributing to the reduction of production. One of the main indicators with significant impact on the volatility of output is the level of price variability. An economy with inflation rate and high cost will increase business by adversely affecting economic activity. Fiscal policy can affect inflation through many channels, such as through taxation and the level of public consumption through the level and the level of budget deficit.

Rother (2005) using data for 15 OECD countries over the past 35 years concluded that the oscillation of fiscal policy has contributed significantly to the level of inflation oscillation with a negative effect on the level of production.

According to International Monetary Fund (now on referred as IMF) estimates, the role of fiscal policy in Albania over the last decade has played a very significant role in macroeconomic stabilization resulting in a low inflation rate and the level of public debt, estimated as sustainable. But, in recent years, and relying on optimistic assessments of the former IMF do not stand, because with addition to public debt, we are not in a satisfactory position, if not critical.

1 EBRD, “*Conclusions for the Economic Reform in Albania*”,(2003)

Thus, the IMF has margin and forecast error! We assume to express this opinion, although critics and realists and policy makers are not preferred, particularly by people in power.

In terms of internal public debt, based on the undeniable quality of the figures, such as “stubborn “ in their context, we can say that Albania has the highest level of public debt in the region, a phenomenon which has aroused the concern of international institutions, which condition their assistance or loans aiming to reduce debt. Public debt is 58.75 % of GDP in 2011. In late 2011, the stock of public debt reached 772.5 billion or 58.75 % of GDP. This stock consists of (i) Central Government debt to GDP 58.74 % and (ii) local government debt by 0.02 % of GDP. In comparison with 2010, Central Government debt increased by about 8 %, whereas local government debt has increased by 48 %; According to the original maturity structure of the stock debt consists of short-term deb 33 % and long - term 67 % (Ministry of Finance, Annual Report 2012).

Regarding local debt with long-term financing, it should be noted that in 2011 the Ministry of Finance has continued its policy of issuing mainly long-term debt instruments. Consequently, the structure of internal state debt according to the said instruments has been improving in favor of long-term instruments representing its 43.85 % versus 42.4 % at the end of 2010 according to data from the Ministry of Finance (Ministry of Finance, Annual Report 2012).

According to the US State Department (1996), “The Government pursued an expansionary fiscal policy resulting in an unsustainable budget deficit. Unemployment remained high, especially in urban and northern areas, where economic activity has been quite low except smuggling.” This conclusion is used as an example to show that expansive fiscal policy does not always produce economic growth.

Fiscal policy followed by social economic crisis of 1997, is based on two considerations: to increase revenues and reduce the budget deficit. At the end of 2004 tax revenues during this period increased by 6 percent of GDP and the budget deficit is reduced by 8 percent of GDP (US State Department, 1996). Increase of tax revenue and budget deficit reduction enabled finance the economy to grow as, both the public the private sector. Further reduction of the budget deficit as a result of increased revenues and reducing unproductive expenditures (administrative costs), that will positively affect the growth of local production.

Forecast made for the first time during the transition of the 2005 budget with a positive level of public savings (revenues minus current expenditure), we may conclude that it would have a positive impact on the growth of investment in the economy. Improvements applied to the tax system, as interference on the laws and in their administration would be associated with positive effects on output growth. Reduce the corporate tax rate from 25 percent to 20 percent in 2006 would increase corporate savings thereby increasing the investments in the economy. (US State Department, 1996)

A significant role in long-term economic development has also had the process of fiscal decentralization. This process was designed to affect as increasing efficiency in the use of budgetary funds, and increase of local revenue. Local government revenues in 2005 were foreseen at the level of 10.3 billion lek, from 2.9 billion in 2000, increasing the cost of local government from 6 billion in 2000 to 17.6 billion in 2005 (US State Department, 1996)

3. Fiscal policy and fiscal sustainability

Fiscal sustainability is one of the most important indicators of fiscal policy evaluation. It has had a special importance in recent years due to adverse effects that were observed in Argentina, Brazil and Turkey. A sustainable fiscal policy means that public debt in terms of Gross Domestic Product (GDP) has no positive trend. However, the theoretical literature focuses on what current fiscal policy can be traced back to an indefinite period without affecting the solvency of government power, which does not necessarily mean that public debt must not have positive trend. Another requirement to assess whether fiscal policy is sustainable or not is also the condition for the expected rate of growth of public debt should be less than the rate of interest over a long period.

Public debt has been and is a controversial issue for the European Union. Public debt is one of the conditions of the Stability and Growth Pact on Economic, signed in 1997 as an element of the Maastricht Treaty.² EU countries that have signed the pact are not allowed to exceed the level of public debt above 60 % of GDP, and those countries with the highest GDP to make efforts to reduce it. This level is the resultant of some mathematical calculations based on macroeconomic literature, and which is also the subject of discussion and debate, but signals that public debt levels should be studied carefully by policymakers.

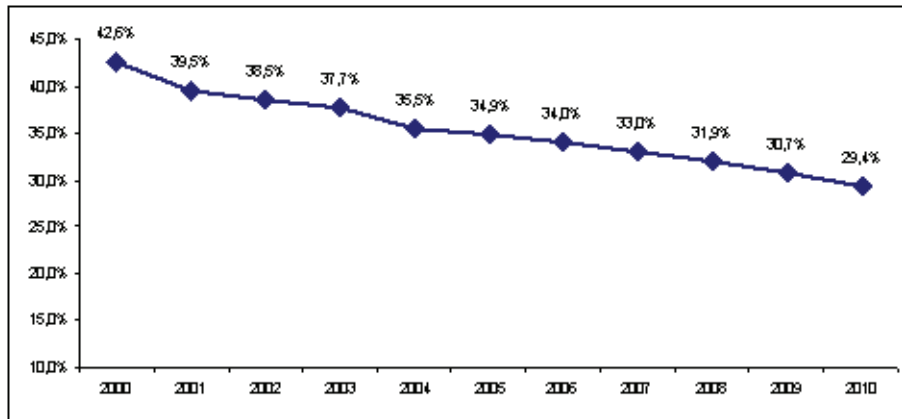
Public debts appear as governments do more expenses than the level of their current income. During the transition period, all governments in our country operated with multiple expense levels higher than the level of income. Economic and social situation on which began a new era of market economy which made state intervention inevitable in the economy through subsidies and public investment. Level of public debt in 1996 was approaching rate of 60 % of GDP, and in 1997 it was 70 % of GDP (World Bank Report for Albania, 1999). Tracking of fiscal policy, with the VAT increase from 12. % to 20 % and control over public spending have made it possible for the public debt at the end of 2004 to be about 55 % of GDP, of which about 19 % of GDP of the foreign debt (World Bank Report for Albania, 2006).

In terms of domestic public debt, pursued fiscal policy in recent years and the trend for the coming years will produce a level of public debt that will continuously decline in. Following of fiscal policy with a decreasing budget

2 “Stability and Growth Pact on Economics” Maastricht Treaty , 1997

deficit by lowering domestic borrowing to 0.2 % of GDP every year, and the assumption that it will maintain a growth rate of 5-6 % per year, with a maximum inflation rate of 4 % per year would result in domestic public debt to be below the 30 % of GDP in 2010 (Graphic 1, IMF Report for Albania).

Figure 1: Domestic Public Debt as % of GDP for the years 2000-2010³



Source:IMF Report for Albania, 2011

During the transition period about 40% of public investment was financed from foreign sources. Foreign funding of our country have been in the form of aid and soft loans, due to the low level of income per capita that has characterized our economy during these years.

The growth rate of foreign investment has been lower than the growth rate of GDP, with the result that the level of foreign debt decreased from 37 percent of GDP in 1998 to 19 percent of GDP in 2004. Although the level of foreign debt is relatively low, its commercialization will result in increasing the cost of financing.⁴

Sustainability/affordability of foreign debt level is not seen in terms of being threatened when economic growth is foreseen to be about 4 percent, remittances for a relatively long period provided over 10 percent of GDP and exports expected to rise. However, absorption of foreign financing (debt increase) from the government should be studied carefully, while focusing on sectors that contribute to economic growth and enhance the competitiveness of the country (Ministry of Finance, Annual Report , 2007)

³ Public debts in this article does not refer to indicators in percentage toward GDP

4. Fiscal policy and social protection

A significant part of public expenditures and government tax are undertaken aiming to achieve specific objectives and not just because of their fiscal impact. One of the sectors that have recently become of particular importance is social protection and particularly, financing of pension funds. Fiscal policy plays an important role in social issues of one country (IMF⁴ and World Bank, 2007).

A place with a high level of poverty obliges governments to direct a part of the revenue collected from taxpayers to the said social level.

Budgeting of social policies plays an important role in budgetary policies regarding funding decisions between economic growths which helps finance groups with social problems. An economy with a high level of poverty makes the choice of fiscal / budget more difficult. Fiscal policy affects poverty reduction through economic growth, as well as through redistributive policies.

Besides poverty, aging of the population and rising natural rate of unemployment are considered as negative factors in the level of public services and the level of budget deficit. The aging of the population makes it difficult to finance pension funds, a problem that is faced by many countries in Western Europe. The answer to this phenomenon has been increasing the retirement age and support for strengthening the private pension funds.

The retirement age for most countries of the OECD (Organization for Economic Cooperation and Development) is 65 years, but almost all states de facto average age of retirement is lower. For some OECD countries the retirement age in the mid of 90s until now for women was 56-57 and for men 59 years. The combination of state pension schemes and private classified as a measure to fund the retirement period.

Social policy in our country doesn't mean that it hasn't been to attention of fiscal policy since the beginning of transition. At some point the way towards a market economy intense began with a sharp decline in production was the three-digit inflation rate and unemployment rose fast. Social policy in our country doesn't mean that it hasn't been to attention of fiscal policy since the beginning of transition.⁵ At some point the way towards a market economy intense began with a sharp decline in production was the three-digit inflation rate and unemployment rose fast. This situation forced the government to increase transfers/ subsidies for the poor who were mostly by this change. Even today, the social costs constitute a significant part of the state budget. In the 2005 budget over 26 percent of the total budget were comprised of expenditures for social and health insurance, and social welfare support.⁶

4 IMF Working Paper 2008

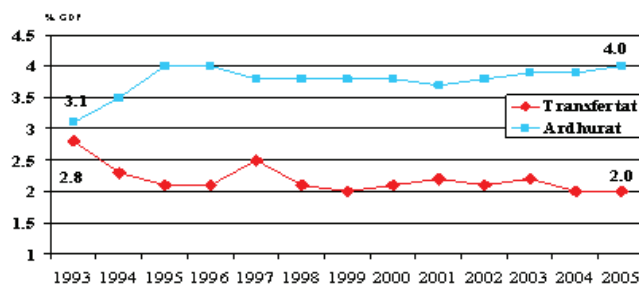
5 One of the intentions of the government expressed in the Medium Term Budget Programs

6 At current, per capital income have exceeded the level of loans on favorable terms

Funding of pension funds in the country has been increasing, both, because of increased social policies undertaken by the government for various social groups, as well as the growing number of pensioners. The number of pensioners increased by 102 084 people in 2012, compared to 2005 (89 474 persons) (Ministry of Labor and Social Affairs, Annual Report , 2012). A significant impact on the level of social spending has been the increase of pensions from ALL 3,840 per month maximum pension that was in 1994, whereas in 2012 we have this overview: minimum income for full retirement in the city cannot be less than 13 712 lek per month, minimum income for full retirement in the countryside cannot be smaller than 8873 lek per month and the maximum pension income for the city reaches 23 623 lek (Social Security Report)

The budget of 2005 provided that 18.5 billion lek will be transferred to social insurance and health fund (Figure 1). If we were to make a comparison with the estimated fund to build the Durres-Kukes, half of the road will be built by this fund. The level of income accruing from contributions to social insurance and health evaluated as the lowest in Eastern Europe. In 2010 to the level reached 5.2 percent of GDP, which in Bulgaria in 2002 were 7.5 percent of GDP in Romania, and 10.7 percent of GDP in Poland and Hungary over 10 percent of GDP (World Bank Report,2007).

Figure 2: Budgets of Social and Health Insurance as % of GDP for the years 1993-2005



Source: Social Security Institute, Annual Reports 2007

If we refer to the most recent data regarding the social security budget for 2013, we will face the following situation:

4.1 Scheme of compulsory social insurance

- a. Total revenues 88 876 million;
- b. From which:
 - Contributions 51 399 million;
 - Transfers from the state budget 37 477 million;
- c. Costs 88 876 million.

The minimum salary for the purpose of payment of social security contributions and health is determined by the Council of Ministers and changes whenever salaries and pensions are increased (Ministry of Finance and Council of Ministers Decisions, 2012). The Council of Ministers has the right to determine a minimum contribution for self-employed persons in agriculture and for specific categories of self-employed persons. The difference between individual contributions with a minimum contribution of transfers covered by the state budget, but not more than the limits of transfers specified in this law. For 2013, the income surplus according to branches of social insurance is used to cover the deficit of the pension branch.

4.2 Supplementary insurance scheme.

- a. Total revenues 5438 million;
- b. From which:
 - Contributions 400 million;
 - Transfers from the State Budget 5038 million;
- Costs 5438 million.

Regarding the health insurance budget for 2013 there is the following implementing chart:

- a. Total revenues 30 743 million;
- b. From which:
 - Contributions and other 7617 million;
 - Transfers from the state budget 23 126 million;
- Costs 30743million “Lekë”

Efforts to increase social security contributions and health should be the priority of fiscal policy in order to ensure the financing of economic sectors that produce economic growth and not to inherit a burden on future generations.

5. Fiscal policy and policy role

The selection of fiscal policy is one of the indicators that the government classifies as a left or right. One is called left government if it seeks to provide a wide range and quality of public services. Such a government requires spending money in reaching its goal, while taking care more for education and health governments. The left-wing claims that public transport remains a function of government. As a right-wing government assumes that many activities carried out by the government to be taken over by the private sector. Right governments seek to reduce government spending as much as possible. Right governments encourage private healthcare schemes and private education. Right Governments require for public transport service to be private in order to become more efficient.

Elated to tax system left-wing governments want to keep high levels of income tax in order to cover the high level of government expenditures. Usually these governments try to reduce low rates and high rates of increase for the purpose of income redistribution. Such governments usually prefer to keep low levels of indirect taxes because they are regressive and so affect the less wealthy. Right governments always try to reduce the level of income tax perceiving them as no incentive for private enterprise. They would like to reduce all tax rates. Such governments argue that the reduction in tax rates is substantial risk that entrepreneurs (private initiative) to keep more of what they earn by encouraging more. In relation to indirect taxes, governments are entitled to require a move from direct taxes to indirect taxes believing that it is better to tax individuals on what they consume than what they benefit.

Left-winged governments prefer to actively use fiscal policy to manage the level of aggregate demand. They seek to use the rate of interest to have a control over inflation.

They also admit that inflation is the important economic indicator (target), but at the same time they seek to have such an economic policy to keep unemployment as low as possible, whereas right governments seek to use the right policy for long-term purposes only. The government would undertake tax cuts and spending wherever possible such action. Governments want to use the interest rate as the main tool of economic management.

Results of research conducted by Pettersson-Lidbom (2005) based on data from Swedish Local Government, showed that the role of political parties is important. Left governments spend and applied the tax on 2.5 % more than right governments. Milner and Judkins (2006) using data of 18 countries for a period of 57 years (1945-2002) demonstrated that governments with a view to the left and right appear to systematic changes in their interests in connection with the opening of the economy. According to them, right governments are more oriented towards free trade and left governments tend to favor more protectionism. On

the other hand while Tavers (2004)⁷ was using data for 19 OECD countries for the period 1960-2002, shows that fiscal adjustments between the governments of left and right have changed; left oriented rely on tax increases, whereas the rights on expenditure cuts-offs. Study of Tavers (2004) supports the hypothesis that the left ones are more reliable than the right when dealing with costs cuttings - total expenses as public consumption and its components-and the rightists are more reliable upon taxes increase -taxes in general and direct taxes affecting business. Although, Tavers (2004, pg. 32-38) closed his conclusion by stating: “... it is not important only what you are doing, but how are you doing it, and who you are” Keeping up with conclusions and findings of Tavers (2004), it is difficult to classify fiscal policies pursued by the government of left or right. Analyses have become more difficult to classify fiscal policy followed in our country since 1990. Numerous governments during this period have been obliged (from a centralized economy to a radically liberalized market economy) to focus on structural policies making it difficult to view fiscal policy implemented right whether or left. Due to the restructuring of the economy and fiscal policy, the choice of fiscal policy may be judged as a result of the current situation of the economy. However, relying on history, economic growth in Albania during the entire transition period, fiscal policy was associated with an unstable economy, totally “fragile”, impacting negatively on business cycles. Political uncertainty which produces social instability makes it difficult to implement economic policies. In many studies our country is classified as a country with a high level of corruption, charging policy for this situation. Economic policy discussed among political parties in our country take the shape of eager war diabetes and policy rather than sub-presentation of alternatives (World Bank Edition, 2001).

In e general prior to election periods debates on economic policy between political parties reach their peak. Specifically in our country, six months before the election and still today electoral debates about economic policies the parties will follow for the next term intend to be carried out in state offices; we assume they are more dimmed. Presentations of economic platforms before elections which make governments to win the power oblige them to meet their electoral promises.

Before the campaign, politicians do their best to win the elections. It is absolutely necessary and within the “political morality for one electoral campaign economic platforms and promises should enable the new ruling campaign economic platforms and promises should enable the new ruling government, to use the best solutions that belong to the development of the country in all perspectives.

7 Studies for OECD Countries, from Travers, 2004

6. Conclusion:

The main purpose of this article was to discuss the issues of fiscal policy, leaving the discussion on this issue open. Through this article we have tried to conclude that the role of fiscal policy in economic development is very important, particularly with regard to position it has in creating of a stable macroeconomic environment. The choice of fiscal policy cannot be used as a template sample that are used in different countries, but based on specific conditions which characterize economic and social situation of one country. Financing of economic sectors that promote economic growth, to ensure fiscal sustainability and reduce social problems should be the main goal of fiscal policy in our country. Approval of budgets for the years to come with these objectives is an experience that should be followed in the near prospect and remote. Fiscal policy is based on theoretical and research combined with a responsible political class (primarily with intention of fight against corruption), which will produce an increase in the standard of material e, social, psychological and cultural life for all Albanians.

Processes that have occurred and will occur to us as a result of the harmonizing of economic policy with the technological revolution, that have contributed to raise the awareness and increasing the quality of the most important element: the human element, which affects more and more on social economic-outcomes. Positive results are measured with providing sufficient resources to meet the needs of the population. Realizing the importance of the problem, the question arises: are our economic institutions defined and clearly positioned? If we are about to start from property institutions" Achill's Heel of Albanian Democracy", then we should make another logistic question: are the current old land owners, real and legitimate owners or to face "new pseudo-owners ", but with new instruments?

It is an alarming fact that politicians didn't lunch at the beginning of the process and still are undertaking any radical measures against the problem of property as a key issue of economic development and political claims that every country which pretends to enter into irrevocable path of democracy. Referring to the post-communist situation of the who have passed these processes, we can unambiguously say that Albania is characterized by the unresolved relation of property.

It should be understood that misinterpretation of real property on purpose, or" accidental", leads toward disaster of endemic disease of economic informality of the countries unfortunately strained through "wild" transition (as it is the unique case with Albania). Albania symbolically in its painful history is considered by the theorists as a country that has gone through a unique and radical communism in Europe, "wild " transition" post-communist of one absolutely unique democracy. Apparently the "Albanians", are and have been historically unique in each view. Better than anyone could have observed and categorized at early stages, Albanian friend, Lord Byron said in his writings.

The first appearance of informality is reflected in wrong fiscal policies, which in stochastic converge in total tax evasion, whether individual or at character level society. Two theses for research may be taken into account: To what extend is the real measure of informality in our country? What is the current real measure of inflation? No correct answer has been given by any of the “specialized” institutions obliged by the law to take into account this important issue. We are not taking here about INSTAT an institution that at the time of monism was created and continuously served blindly as “vassal “paid by the state”, likewise, Guardian and Monetary Policy (Central Bank) and the Chief Guardian, Mr. Fullani. This Chief Guardian along with previous Chief Guardians, have transformed their institution into the so-called “independent”, the anemometer (a device that measures the speed and direction of the wind). So, depending on the economic policy of the ruling party, which has catapulted into this neuralgic position for the fates of the countries, as well as mannequins and the CB chameleons who publish their “official” data in the most possible grotesque way, But, even if it requires to search “ famous” international institutions, it could hardly come up with the correct answer. Perhaps, these super specialists of planetary fame in their inability which derives from their transparent ignorance, do not want to reveal “state secrets “, or as “not paid “well. These two named above theses and courageous individuals seeking about such significant information problem and primary for economy, they can be considered as “agents” of foreign inventions and national security risk to Albania! We believe that this situation has been created due to the failure to realize the main objectives of economic policy, but as a result of chaotic positions of political forces. As a result of these phenomena, “these processes are accompanied by strong social differentiation and rapid impoverishment of the population.” By neglecting the economic policies and importing economic and social policies from other countries with political, economic and historical structure utterly unlike, Albania has a relatively weak growth and stability is presented with a “fragile” during the transition period. Through these systems “diabolical” economy (which unfortunately, here change every time the big Heads of the World Bank or the International Monetary Fund is changed), Albanian policy makers relying on their personal interests have turned our country into a rat model, or in a laboratory where all sorts of economic “panacea “ have been experimented. These “greedy” government personalities seem to forget that such a policy could create denigrating serious consequences and national disaster. We have wouldn’t prefer to remind the readers of auditor about tragic experiment that was conducted against the Albanian people in 1997. It is quite unwilling fact that often personal interests of a particular group of individuals return to the contrary interests of an entire developing people. The stand of this group of individuals, as well as the authorities of policymaker’s leading to anti-national policy. If every day we will have to face with corrupted ministers and corrupted greedy employees at all public administration levels (dignified members of “Kadare’s Palace of Dreams”), we think that this is not

an endemic problem only for Albania. It is enough if we just set our eyes to our neighbors: Italy. It is an undeniable reality example where several times the Prime Minister of Italy, Mr. Berlusconi (close friend and professor of Albanian Government in entire last 22 years), who has recently been sentenced to 4 years in prison for tax evasion. Not to forget another historical fact, when Al Capone was the King of the world of organized crime in the world, the U.S. as the state was unable to punish the severe crimes, found the most sophisticated method to eliminate the prisoners and charge d them of irrefutable, tax evasion. This is where the democracy has commenced. Here is where lies the force of law, Tragic-Comedy in Albania absurd lies in the fact why these politicians, ministers or ordinary legislative clerk are not maximally punished, but any person who had accidentally caused a fire to personal pasture or using a stolen cell phone. These paradoxes of ordinary Albanians life confirm conventional wisdom "recognized as wise and patient." Currently there are many eyewitness citizens who live in a stage of life where the predominant desire for personal enrichment abusive and illegitimate unscrupulous. Perception of irregularities and violations was constantly grown to this group of people. Honest and simple citizens have highly paid with their welfare and health about e dishonesty and abusiveness of this corrupted group of people acting in the name of power. To eliminate and show the power of law to such individuals or powerful groups of abusing people, it is necessary to adjust the strengthening fiscal policy measures which should be mandatory for every employee of public administration as well as any other Albanian citizen. In this way ensure the victory of people of Albania against the corrupted individuals.

These were some of the ideas, but if the interested parties unite in their concerns and problems as treated above, we think that such issues will be resolved through round tables, conferences and seminars on economic policy in general and in particular fiscal policy (which unfortunately still continue to be a rare phenomenon in Albania!). By using the language of dialogue and understanding for the sake of the of the country welfare, finding of optimally detailed ideas and conclusions and their applying of in practice as soon as possible. Currently it is time to think more seriously about the future of Albania. The moment has come to understand that if currently we are being invited to be engaged in the Great European Family Courtyard, and we cannot for sure reach it with our "original" concepts applied so far. Comparisons with the concepts and standards should be made within the Great Masters Courtyard; otherwise they won't even open the door of that court, whereas entering the house is a question that needs no discussion.

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