

## Government's Role in the Economical Growth of a Country (2000-2011, Albania)

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### **Abstract**

*This thesis is talking about the government role in the economic development of a country. From different literature we will establish how a government can theoretically influence economic growth and how the Albanian government has specifically influenced economic growth in Albania. What goals and objectives have the government set and how has the government used the tools at its disposal in order to achieve these goals and objectives. The two main players that make the development and economic growth of a country a reality are the government, with its ministry of economics and ministry of finance, and the central bank. The main focus on this thesis will be the government. We will looking at what type of fiscal budgetary and administrative policies has the Albanian government undertaken over the last decade, and which of these have contributed to our country's economic growth or have contributed to the growth of economical factors.. According to the statistical figures, these factors and the real GDP have increased over the last decade. This shows their effectiveness and explains the role that the government has on economic growth.*

### **1. Help and foreign investment**

Since 1990, Albania has had considerable support from international organizations and foreign donors to support the private/ public sector with capital, which has been from 300-350 million Euros/year, about 61% of this capital has been grants, 30% loans concession. To attain these grants the government has had to work hard over the years to meet the conditions imposed by foreign donors, these conditions include administration reform, reducing corruption, reduction or elimination of human and drug trafficking, etc. The role of government has also been to channel these foreign grants and loans so that they can have the maximum impact. In 2008 the Department of Strategy and Donor Coordination (DSDC)<sup>1</sup> was formed by the Government of Albania and the Donor Technical Secretariat, which together with the Ministry of Finance co-directs negotiations with donors on policy-based cases for loans/credits, participates in negotiations and programs run by the Ministry of Integration and helps in directing foreign aid. This helps in providing low cost loans with favorable conditions, and in using these loans effectively. Major donors are the EC, Italy, WB, EBRD, and Germany. A concrete example of this assistance is the Italy-Albanian Programmed for the Development of SMEs created by the cooperation between the Government of Albania and the Italian government and EBRD. This program, which is managed by the Ministry of Economy, Trade and Energy (METE) consists of a fund of 25million soft loan for credit lines in favor of new or existing SMEs and of a 2.5 million Euro soft loan fund for the creation of the Guarantee Fund, which supports the Albanian SMEs to get loans when they have no collateral. Over the last years there has been an increase in direct foreign borrowing rather than by international organizations. This is done mainly in the banking sector or by private creditors. In 2010 the first Albanian Eurobonds were issued. The weight of this debt in 2007 accounted for approximately 27.43% of the foreign debt and has been increasing.

### **2. The banking sector**

Foreign assistance through grants and loans to secure the required capital has been helpful, and has had an important

<sup>1</sup>[http://www.dsdc.gov.al/dsdc/DEBASKON\\_Departamenti\\_i\\_Bashkerendimit\\_te\\_Strategjive\\_dhe\\_Koordinimit\\_te\\_Ndihmes\\_se\\_Huaj\\_5\\_1.php](http://www.dsdc.gov.al/dsdc/DEBASKON_Departamenti_i_Bashkerendimit_te_Strategjive_dhe_Koordinimit_te_Ndihmes_se_Huaj_5_1.php)

impact especially for SMEs and agriculture. But one of the key sectors in providing capital for local business has been the local banking sector, since privatization local banks have helped to ease the transfer and infusion of domestic and foreign capital, making it available for borrowing. This sector has increased significantly its business and consumer financing since its beginnings in "1999-2000. After the 1996-97 financial shock, governments have taken important steps and have developed legislation to develop the banking sector in general and the financial sector in particular. In 1997 came into effect the law on the Bank of Albania, which determines the bank's organization and operation and the obligations that second tier commercial banks have towards her. This law was followed by changes in the years 1998 and 2002. In 2006 came into force the law on second tier commercial banks, which take into account the Albanian's obligations arising from the SAA. In January 2008, after being approved by the parliament, came into effect the laws for the creation of the credit registry, which makes borrowing more transparent and gives more lending security to banks that, are lending to the economy. These legal measures and especially the stability of the political climate and the improved economic and business climate have allowed this sector to grow rapidly, thus becoming a key player in lending to the economy.

### **3. Remittances**

Remittances have been the breathing lungs of the Albanian economy during the transition period and although they have started to decline, they are still an important source of capital. It is true that the government cannot interfere with the work and the level of savings of emigrants abroad. But it can interfere with the way they are absorbed internally. The development of the banking system in the last 10 years, in addition to providing capital for entrepreneurship in the country, has helped to formalize and facilitate the transfer of immigrant's savings from the countries where they work to Albania. The governments have developed programs together and in cooperation with the central bank they have taken measures to extend banking services related to remittances. This is done through the promotion of banking services in rural areas, encouraging the participation of Albanian banks in the SWIFT a system in which the cooperation with banks of host countries is assured, so that deliveries can be made more transparent, efficient and inexpensive. One concrete example is the World Bank funded initiative between her and the Ministry of Finance in 2006 for the development of the Italy-Albania remittances Corridor. During these years the program has made possible the expansion/improvement of online banking services for Albanians abroad, simplification and acceleration of international transactions, reduction of tariffs and transparency of procedures. (IOM.,2007) It is also working for the reform and digitalization of Albanian Post in order to increase the services it offers. In 2007 it began operating as part of the electronic transfer network, and this is what enables remittances, at competitive prices. It is also expanding its cooperation with other domestic and foreign banks in order to help facilitate these transfers. Formalization is a necessary step, but does not provide the role of remittances as a development tool. Therefore, the Government has judged important to channel the immigrant's remittances towards the development of the country. Another measure taken by the government to incite immigrants to return and invest capital in the country, was done in 2006 when government offered tax exemption for personal and business income tax for a period of three years, as well as free business training. Also the government has organized activities and trade fairs from its consulates in cooperation with IOM in order to inform for the investment opportunities in the country. One such activity was organized on 17 May 2007 in Milan and another in June of the same year in Athens organized under the auspices of the Foreign Ministry. The banking sector has undertaken extensive advertising campaigns / awareness to encourage the government to deposit and transfer their savings in banks operating in Albania.

### **4. Reduction of administrative barriers**

During the transition period the main obstacles to the growth of private investment are considered bureaucratic obstacles combined with the lack of law enforcement and corruption. Domestic and foreign companies, repeatedly over the years have raised concerns about procedural delays, unpredictability and high costs (associated with formal and informal payments) to obtain licenses, permits, and other governmental approvals to set up and develop a business. According (Boga & Associates.,2002) For this reason several studies have been made by the central government, one of which was that in 2002 by the Ministry of Economy, which surveyed about 500 businesses and 30 public agencies and government authorities. The study showed there were major problems with procedures, administration, the effectiveness of structures etc. Consequently, areas that required attention were customs procedures, tax administration, building permits, licenses sector. Based on these studies, the governments of Albania have undertaken a number of reforms in the tax system in the central and local government, in order to improve the business climate. One of the reforms is the "One Stop Shop "initiative and digitalization of the tax system that makes it possible to pay taxes "online" and summarizes them in one

place, cutting administrative procedures. This shortens the time and costs of filing and paying taxes and also shortens financial and opportunistic costs for businesses in the country. The cooperation with the Albanian Post has also helped improve this aspect, as the Albanian Post has improved services for citizens as well as businesses.

## **5. Taxes**

It has also been done a lot of work for the training of the tax administration staff. One of the main projects has been the program USAID Albania in cooperation with the central and local Government, which during the past four years has had the aim of training staff and modernizing the local tax systems. One of the elements of this program was the preparation of a handbook for performance improvement in the collection and administration of local taxes and fees, which helps local tax administrators in their daily work.

## **6. The establishment of appropriate physical infrastructure**

Physical infrastructure plays an important role in attracting foreign investors and business development in general. Its improvement has been the priority of any government in the last decade. Investments have been direct but also indirect in the form of various concessions. "Rinas" Airport has been an indirect public investment and has increased the performance and mobility to the public and the business normally. Direct public investment has had a significant growth, especially in the last 5 years. Investments in road infrastructure have been a major priority. Costs are generally focused on road infrastructure, but also in water and sanitation, rail, maritime transport, air transport, etc.

## **7. Fiscal System**

One of the most prominent measures has been the application of the flat tax in 2007 of 10%, which encourages entrepreneurship by lowering the fiscal burden of the capital, as opposed to progressive taxation, which makes business pay more for any extra revenue or gain. This is a very appropriate tax for non-developed countries such as Albania, where the tax collection system is not very efficient. It affects both the stimulation of local investment as well as attracts foreign ones.

## **8. Employment**

Employment has been a problem in Albania during the post-communist as in all transition countries. To reduce unemployment, which was far higher after the dissolution of the government operated business in the early '90, governments together with international institutions have undertaken a series of encouraging policies.

## **9. Supply-side measures**

As mentioned above, in 2007 the government applied the flat tax. This tax increases the supply of labor and hence job growth, because the percentage of tax remains the same even with the addition of working hours, as opposed to the progressive taxation system, which discourages job growth. Its application, and other administrative measures created to formalize the economy has led employers to register all their employees and make health and pension contributions for them. This, together with the introduction of payment for some health services, has led people to become more active and willing to work, knowing that they will have pensions and health insurance. Application of the flat tax has increased revenues by TAP budget from about 1 billion lek in 2006 to nearly 5 billion in 2011. It has also been worked hard to unite labor demand and supply. The country has 36 state employment offices. During the period 2001-06, with the help of foreign partners, they were reorganized and digitalized according to EU standards and their staff were trained so that they can be more efficient. These offices have also increased their cooperation with local businesses and have also organized several job fairs to help employment numbers and increase employment awareness. Likewise, there have been a number of private companies that act as employment agencies after the ratification of convention 181 of ILO's.

## **10. Demand-side measures**

It is true that there were some government policies to stimulate labor supply, but in developing countries where demand

exceeds supply, the problem lies in the promotion of demand. It is for this reason that these policies are focused on encouraging businesses that provide large-scale employment. These type of business include, FDI, SME, construction, tourism, etc.. Privatization of some state-owned service enterprises such as Telecommunications and Banking have also been some policies that have positively affected employment growth. The tax reduction from 23% to 20% in 2005, and then to 10% has stimulated the growth of FDI and SMEs, which in 2007 constituted 64% of GDP and 66% of employment. The textiles industry make up the main part of SMEs, which has increased significantly in the last 10-12 years.<sup>2</sup> Improved and efficient customs procedures, especially in the last 5-6 years, are an important factor that have helped the industry, given that the major part of the industry is largely based on imports-exports. In 2006 the government undertook an operational plan aimed at raising standards, reducing corruption and reducing the time and cost of processing goods. In the following years they have improved and adapted customs techniques and procedures based on EU standards, they have also unified the implementation of custom's valuation methods and have been providing basic and continuous professional training of customs' personnel. They have also improved and modernized customs' machinery and tools installations, the customs procedural system has been computerized based on the ASYCUDA system, which is used in all EU customs today. Today Albania has the shortest processing of goods in the region. The government also has had programs in cooperation with foreign organizations for the development of SMEs. One of these programs was between the Albanian government and USAID in 2009 for the ongoing training of owners, managers and staff in textile factories in order to teach them how they could gain economies of scale so that they increase capacity in order to increase employment. There has employment growth even on the construction sector. Development of the banking sector after 1999-2000 has also helped increase the construction sector, through money lending to construction companies as well as individuals with mortgage housing loans. There have also been policies for FDI incentives, explained above, and the Tourism Sector which will be explained below on the natural resources section. The privatization of some sectors of the economy during the second decade of transition has helped to increase the efficiency and increase their capacity. This has led them to increase the demand for labor. The telecommunication sector which includes telephony, Internet, TV, etc., is a good example. In 1999, based on the proposal by the Ministry of Economy of the time, the Council of Ministers approved the plan for the development of the telecommunications sector, which paved the way for the privatization of this sector. In 2000 this plan became law, aimed at bringing transparency and regulation of this sector, in order to encourage investment and free competition. In the years that followed mobile foreign companies were introduced, Alb telecom was privatized in 2003, and AMC was privatized shortly after. Privatization and liberalization of this sector along with the banking sector, which we mentioned when we talked about capital, has led private companies to become more efficient, provide more services, increase capacity and therefore increase demand for physical and human labor.

## **11. Natural resources**

### *11.1 Energy*

Albania ranks second in Europe for natural water resources, which is a significant national asset. After 1999-2000 policies were taken by governments to increase the benefits from these natural resources. This policies, especially after 2005, aimed to stimulate private investment in sectors related to water resources. In 2003 the Ministry of Industry and Energy at the time, drafted the National Energy Strategy plan aimed at increasing production and especially increasing energy efficiency and approved the law on the electricity sector whose object was: the creation of ERE, restructuring, commercialization and final privatization of KESH; the promotion of regional electricity trade, and investment in the sector of electric power. To meet these objectives OST was created with the task of energy transmission, DSO was privatized in 2008 (now CEZ) which has as its task the distribution to the final customer, and thus leaves KESH only as the electricity producer. This has allowed these companies to specialize in their related fields and therefore be more efficient. The privatization of DSO has led to investment increase in distribution and reduced losses through good management. The policies for the efficiency increase have led to the steady improvement of utilization, which is noticeable by the gradual decline of losses. There has also been direct investments by the government in the transmission system, such as the 400k lines with Montenegro, which doubles the exporting capacity, National Dispatch Center, 400/220/110 kV substation in Kashar etc. Output growth is envisioned through policies for the development of hydropower and TPPs paving the way during 2007 and beyond for entry into the market of private companies to build their own or through concessions, such as construction of the Vlorë TPP and rehabilitation of Fier TPP and for a variety of TPP across the country. Obviously,

<sup>2</sup> *Ministries e Punës (2007) "Strategjia Sektoriale e Punesimit 2007-2013".*

energy production has increased gradually, but with volatility, due to the influence of natural factors such as rainfall, but production of HPP privately or through concessions, has increased significantly, especially during 2008-2010, although their influence in the total energy production still remains modest. The mining and oil industry followed the same downward pattern as the energy sector during the early '90's, but in this decade this industry is recovering slowly. Production mining has reached 125% at what it was in the 90s, to 6.5 million tons / year. In 1994 the legal basis for minerals was created and over the 90s the privatization of mining was carried out. Since then a policy of liberalization and opening of this market has been pursued, but larger development came after 2000. From 2000 METE has given about 520 mining concessions exploitation or mining permits.. The recovery of the mining sector has been helped by the favorable tax system, 10% flat tax plus 6% royalties, when in other major mining countries this ranges from 28% to 45%. But most of these were for building materials (cement factories, quarries, gravel, etc.), which have supported the construction sector. In the recent years the extraction and processing of oil industry is privatized. In 2008 Armo was privatized and Albpetrol is intended to be privatized. Permission for oil exploration and research in the south has been given to private companies.

### 11.2 Tourism

Governments have recognized tourism as a fast growing industry that produces high income, increases the quality of life for the hosting communities, and is considered as a bridge that brings cultures close to each other. In the first decade of transition, investment and tourism policies have been sporadic; we can say that now we have entered the early stages of his maturity. From 1999-2000 numerous measures to promote tourism have been taken. In order for this sector to be developed sustainable and long-term strategies such as the Tourism Development Strategy for 2002-2012 and 2007-2013, have to be created by the relevant ministries with assistance of foreign partners. Direct government investments are focused on creating the road infrastructure of the coast, especially in the south but also in roads connecting tourist spots, so that tourism can be easily accessible. There have been modest investments and concessions in main and tourists ports and harbors like the one in Synej Kavaja. Also, along with international organizations, there has been investment in the reconstruction of cultural monuments like the amphitheater of Durres, museum houses in Berat and Gjirokaster etc. Institutions for tourism management have been created. In 2005 was created the National Tourism Agency (NTA) with the implementation of state policies and national tourism and its promotion as the main objective of its work. Regional Tourism Offices (RTO) which manage regional tourism have been established in seven major cities of the country: Shkoder, Durres, Vlore, Korca, Tirana, Berat, Gjirokastra. Promoting tourism has been a priority especially in recent years. Since its inception ACT has taken over the representation of Albanian tourism in international fairs in Finland, London, Berlin, Kosovo etc. There have been promotions in foreign and international media funded by MTCYS. Within the adopted tourism strategies, laws for private investment that stimulate tourism such as the law on tourism development priority areas in Albania, the law on tourism licenses, the law on tourism ports and the law on tourism which aim to establish a sector with international standards and the development of this industry have been enacted. Uncertainty in land ownership has prevented major investments such as tourist resorts, however small and middle business has affected the growth of this sector.

### 11.3 Land and Agriculture

Land is a natural resource that directly affects agriculture and agriculture is an important factor in Albania knowing that nearly half the population lives in rural areas and has an agriculture lifestyle. However, the attention of governments and major funds has gone to the other sectors of economy and very little is allocated to agriculture. This also due to other problems in this sector. Small farm sizes of 1.2ha limits agricultural industry and makes these farms inefficient. The agricultural land market is absent or is very limited due to the uncertainty of ownership and rural infrastructure still remains very weak. The government and donors have made some effort to help this sector such as creating some farmers' markets and slaughterhouses in some areas. There have also been some subsidies to farmers, but on a very limited number and without any significant impact on the sector. Therefore any increase in the agricultural sector has come as an indirect result of the increases in the other sectors of the economy.

### 11.4 Human capital

Investment in the development of human capital can take forms of investment in education, health, training events etc. In

Albania, because of the informal nature and weak economy, investment in human capital has been concentrated on the supply side, such as direct investments in health, education and training, although there has been a demand side initiative.

## **12 Health**

During this decade, there have been several initiatives in the health sector, to improve service to the public as the primary objective. There have been government investment in infrastructure as in Durres hospital, UHC, etc., or the purchase of new equipment, but these have been sporadic and without any impact on service improvement. With the health law of 2003 private investment was allowed to invest in health and this is seen as an initiative that has helped to improve this sector. This has allowed for the opening of a number of private foreign or not foreign hospitals and clinics in the country, which have offered some services that were not offered before, such as heart interventions, eye operations, etc. These hospitals have run staff and physician training programs, for example the opening section of training for doctors in the center "Queen Geraldine" funded by the Australian and Albanian government.

## **13 Education**

Over the years there have been attempts by the government to reform the education system, which focused primarily on improving curricula and training teaching staff. It is also intended to improve professional education and several new professional schools have been opened, such as the ones in Kames, School of Hotel and Tourism in Tirana, etc. For the information and encouragement of students in this type of education some promotional campaigns have been undertaken by MASH. Full scholarships that cover tuition and living expenses are offered for students who attend this type of education. The number of students in this type of education has gradually increased, but it has not increased based on market demand. Investment in the state funded university education, have been concentrating in the quality of teaching through training. But investments are mainly focused on increasing the number of universities, their spread across the country and increase in the number of programs offered. These include the university "Alexander Moisiu" in Durres and Kukes, or "Business University Durres". The biggest development has come from the private education system which has increased considerably these last 5 years. Its development has increased the supply of students, influenced by the growing demand. Since the introduction of private higher education and the opening of the first private university in 2003-2004, private investment in this area, especially after 2006, has grown substantially. The graph below clearly shows harmonious enrollment growth with the development of these private schools. In addition, these universities have made possible the return of a portion of intellectuals who have studied abroad and that can bring foreign experience as teaching staff.

## **14 Training**

Government policies for training, are focused on staff training in public administration sector, for which an institute is also created. Training on the private sector is conducted by businesses' own initiatives or through foreign organizations such as Partners-Albania, or USAID with its staff training and operational management of SMEs programs.

## **15 Technology**

In Albania the legislation for rights to patents for new products was implemented and in 2003 the Competition Authority issued a regulation for exemption from competition laws to businesses that perform activities of R & D, in order to encourage them to produce new technology. Also, in 2006 the government undertook a reform of the system of scientific research, in the Academy of Science was reorganized, and two new technology faculties were created, the Faculty of Information Technology and Polytechnic University of Tirana Faculty of Biotechnology and Food in the UBT. Technology and Innovation Research Agency was also created with the aim to finance projects in the field of Small and medium businesses and the transfer, modernization and renovation of their technologies. In this framework the Ministry of Innovation and Information Technology was also formed. In countries with weak economies and without development capacity such as Albania, policies focus on stimulating the importation of technology. In 2007 the law to defer the payment of VAT for 1 year, for firms that import processing or production technology was passed, this will allow companies to put these technologies in place and start getting some reward before they can pay VAT. The development

of banking and financing sector has helped with the financing and purchasing of new technology. There have also been subsidized training programs aimed at improving the businesses' production processes, but these have been used minimally by the businesses. The privatization of some sectors like telecommunications have made possible the development and creation of information technology and telecommunications businesses. In terms of foreign trade, the opportunities of Albanian businesses to learn from more sophisticated customers or competitors in foreign markets are limited because their exports are based on natural resources and / or cheap and unskilled labor. However the growth of FDI through the above-mentioned policies, have made possible the introduction of new technology, but most foreign investment does not seek to transfer knowledge and technology to domestic firms besides renting equipment and specific knowledge for the manufacture of certain products. According (METE.,2010) A 2009 Progress Report on Albania by the EU shows that Albania has a poor performance on innovation in technology, however the 2009 report of the World Bank on "Increasing Competition" shows the last 4-5 years Albanian businesses have shown improvement in several factors, including the introduction of a new product on the market, or new product lines by local manufacturing firms.

## **16 Conclusions and Recommendations**

### *16.1 Capital*

The increase of capital, financial foreign aid, in the form of grants or loans from foreign organizations or foreign governments has been a significant source for Albania, where the government has affected its profitability through satisfaction of the conditions and also in the way it has channeled these investments. Likewise there has been direct borrowing from private creditors. Also the development of the banking legislation has improved political climate and the overall business climate, and it has helped to establish a private banking system in the last 10-12 years, which has supported the local economy and has attracted foreign capital into the country. Remittances although declining, have been important for the country. There has been cooperation with the Albanian banking system and Albanian post to formalize and facilitate their absorption in the country and there have been informative and stimulating policies, such as advertising, promotional facilities for their businesses in the country etc. There has also been work on attracting foreign investment by reducing administrative barriers, creating physical infrastructure and a suitable fiscal system. So we can say that the government has worked pretty hard on policies that bring the increase of capital and these policies have given their positive effects.

### *16.2 Employment*

For employment, on the supply side there has been initiatives such as streamlining and improving labor offices, various fairs, creation of private work agencies and the introduction of payment for certain health services for those uninsured. Also the application of the flat tax has promoted employment growth. This, together with the strengthening of the rule of law has formalized it, making insurance and pensions to be safe, which makes people more likely to work. On the demand side, the flat tax has been back role in bringing FDI, and along with an improved business climate, customs procedures, and fiscal incentives have helped SMEs, which have affected the demand for employment. The construction sector, supported with building permits and legalization has affected employment growth. In unemployment reduction the privatization of certain economic sectors, such as telecommunications, banking, etc has had a substantial impacted. Therefore we can say that since 2000 considerable work has been done by the government to reduce unemployment, with highly positive effects.

### *16.3 Natural resources*

In the use of natural resources, the initiative has been to improve the electricity sector through good management, government investment and encouraging private investment through concessions. The government concessions policies for oil and the mining sector have increased exports. Policies for tourism could be more coordinated, but they have contributed to the growth of this sector. Strategies for agriculture have not had any significant impact on improving it. Anyway we can conclude that government policies on the use of country's natural resources have helped growth.

#### 16.4 Human capital

Human capital in Albania is not developed proportionally to other sectors of the economy. There have been government policies that have developed private higher education, but these policies have been ineffective or have been lacking promotion of educational programs, that support potential economic sectors for Albania. The health system has also been stimulated by private sector, but the health system generally does not provide the conditions for a sustainable development of human capital. Also there has been no concrete policy to promote employer training in businesses, except some sporadic efforts in cooperation with foreign partners, or those for public administration.

#### 16.5 Technology

Policies on technology were: exemption from VAT for 12 months of imported machinery, FDI promotion, training programs for SMEs, privatization of some sectors etc. But nevertheless, they have been sporadic and have lacked long-term strategies, except for the last 1-2 years. Despite its improvement, we can say that the government has done little work during these 10 years in this direction. By bringing together the effects of these policies, we can conclude that although more could be done, the government has had a significant impact on economic growth in Albania during the last 10 years from 2000-2010. Unemployment has been reduced; the graph illustrates the Sub-section of the employment reduction, excluding 2009, as employment has not increased due to the economic crisis. There has been an increase in the use of natural resources and the efficiency of their usage, which can be seen from the statistical data of increased mineral exports, reduction energy losses and increased tourism. Development policies have affected human capital less on these sectors, as well as the technology sector, which can be seen from the ranking of Albania below the average for the region. Growth has been steady and with some good numbers although it could be higher. Due to the economical crisis there was a decrease in 2009 and stagnation in 2010. However growth has been substantial. Finally we conclude that the government has contributed substantially to economic growth. This is done mainly through the stimulation of capital, labor, natural resources and human capital and less so through technology. So our hypothesis is proved by our facts and results of our study. The government has positively influenced the real economical income growth in the last decade.

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