

Italy and Albania: The political and economic alliance and the Italian invasion of 1939

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Abstract

As the successful coup d'état of Rome in October 27 – 29, 1922, successfully unfolded and Benito Mussolini emerged into power, the threat of invasion and spread of fascism was looming over southeastern Europe and North African countries of Ethiopia, Libya and Somalia. Mussolini's intentions would not be perceptible until October, 1935, the invasion of Ethiopia and consequently almost four years later with the invasion of Albania in April 7th, 1939, which is considered by many as the prelude to World War II. Italy's role and support towards the implementation of infrastructure projects and economic development initiatives in Albania proved to be essential. The fascist regime of Benito Mussolini was also a strategic ally for King Zog I who was in a desperate need to establish a stable government and secure his monarchy. Although King Zog I came to power with the immense help of Yugoslavia, months later he established strong ties with Italy and worked tirelessly to foster strategic bilateral relations with Mussolini's administration.

Italo-Yugoslav Relations improved greatly after the signing of a bilateral agreement in March 25, 1937, therefore Benito Mussolini had the green light from the Yugoslav government – which brought King Zog I into power in December, 1924 – to storm with loans, equipment and human assets the newly created Albanian government which later would become a Kingdom under the rule of Zog I. The focus of this Essay will be the impact of Italian – Albanian Strategic Alliance, a detailed analysis on the pact of Tirana (1926), the Italian Strategic Interests on western Balkans and its subsequent invasion in April, 1939.

Keywords: Italy, Albania, The National Bank of Albania, The Pact of Tirana, Benito Mussolini, Ahmet Zogu, Società per lo Sviluppo Economico dell'Albania (SVEA)

Introduction

At the beginning of the twentieth century Albania existed as an agrarian nation run by local chieftains, except for intermittent short-lived central governments, until King Zog I, with the help of Yugoslavia, secured absolute power in December, 1924. With wide support from the people of Albania, Ahmet Zogu was able to forge a strong economic alliance with Italy which strengthened the emerging centralized government and gave

Albanians a sense of nationhood.)¹ For fourteen years the Italian-Albanian alliance developed and functioned to the benefit of both countries, ending only with the Italian invasion of Albania in April 7th, 1939. This essay will examine the benefits of this alliance and the reasons leading to the shocking reversal on the part of the Italians on the eve of WWII.²

Establishment of the Italo-Albanian Alliance

King Zogu, the architect of the Italo-Albanian alliance, established a foreign policy that was an important element in his political program, as well as his economic program. In January, 1925, Zogu sent a letter to Mussolini pledging alliance and Mussolini responded immediately by expressing his recognition of the Republic of Albania and its Government. At the same time, Zogu's administration was overwhelmed by different European companies offering to invest in all branches of the Albanian economy. These offers consisted of things such as the construction of railways, docks, mines and drainage schemes, as well as oil industry and banking development. Unfortunately, Albania, still without paper currency and using gold coins, was facing difficulties in building a modern fiscal and money economy, and Zogu understood his country needed a national bank. The easiest way to achieve this was to establish an economic relationship with a strong country. Surrounded by pro-Italian cabinet members and convinced that Britain was standing behind Italy in order to offset the support France was giving to Yugoslavia, King Zogu openly announced his intentions to cooperate fully with Italy and turned his back on the Yugoslav government who had brought him to power. Thus began a fourteen year period (1925-1939) of Italian companies pouring wealth and resources into Albania to reconstruct this poor agrarian country. In the spring of 1925 two important concessions were signed with Italy; the first was the right to found a national bank and the second was the approval of the establishment of an Italian company (SVEA), to develop the Albanian economy. The National Bank of Albania (*Banca Nazionale D'Albania*) was in truth an Italian bank operating under Italian law and its reserves were in Rome. This institution offered financial services to the young government that some other financial institutions did not; however, through the agreement, the Italians had the right to keep the majority of shares (51% against 49% to the Albanians). This made it possible for an unexpected development whereby the Italian banks secured the majority of title and deeds through fraud and corruption. When discovered, this caused a scandal and resulted in the resignation of the Albanian finance minister, who, it was revealed, had been awarded one million gold francs for committing this fraudulent activity on behalf of the Italian government. Unfortunately,

¹ Prior to December, 1924 the Fan S. Noli administration was in power (June, 1924 – December, 1924). Its overthrow was rather unfortunate in that it had come to power as the result of a democratic revolution and was considered to be the first democratic government in the Balkans. This change of government was welcomed by Italy which was planning to take a vital role in the Albanian economy and infrastructure.

² Sharp, Walter R.; Kirk, Grayson, *Contemporary International Politics* (New York, NY: Rinehart & Company, Inc. 1944), pp. 664-666.

it did not end there, the bank funds had been administered by the *Società per lo Sviluppo Economico dell'Albania* (SVEA), the development company to improve the Albanian economy, which was, in fact, a subsection of the Italian Finance Ministry. While the funds administered by this institution were indeed spent on infrastructure and public works, for example development of oil resources, it just so happened that the contracts would be awarded to those firms preferred by the Italian government.³

Undoubtedly, Albania would never have become developed economically without the presence of foreign aid and loans. Above all the Italians were better than the Yugoslavs in being the ambassadors of westernizing Albania. Interestingly, in December, 1924, when Zogu was first raised to power, he was but a Serbian puppet. However, by June, 1925, with the Italo-Albanian alliance, Albania had become an Italian province without a prefect. At every opportunity Zogu referred to Mussolini as a great leader and said that he was inspired by Mussolini from early on, though he seemed not to want to become dependent on a sole foreign partner and invited investment from other countries as well. However, the Italian government demanded that Albania recognize the declaration of Paris which established Albania as an Italian protectorate with Italy expected to provide both abundant money and arms.

The Pact of Tirana – 1926

The multidimensional relations between Italy and Albania reached yet a new level with the signing of the Tirana Pact on November 27, 1926, which brought 200,000 francs in aid that was followed quickly with other means of assistance. The treaty would last five years and included these two important points:

Article 1: Italy and Albania will recognize that any disturbance threatening the political, legal and territorial status quo of Albania is contrary to their common political interests.

Article 2: In order to safeguard the above mentioned interests the two countries will undertake to afford each other mutual support and cordial cooperation: they also will commit not to make any political or military agreements with other powers prejudicial to the interests of either Italy or Albania.

With the signing of this agreement Mussolini promised that he would make a gift to Ahmed Zogu of several million lire, and Italy would provide significant assistance to develop the Albanian military and economy. Zogu's government now became dependent in every way on the Italian plans towards Albania. At the same time, it was a fruitful strategy to balance the strengths of the adversaries in the Balkan conflicts. However, with Albania so firmly planted on the side of Italy, Yugoslavia tried to assuage

³ Marmullaku, Ramadan, *Albania and the Albanians* (Christopher Hurst.1975, pp50-150)

her feelings of insecurity by causing trouble at Albania's northern borders for the next two years.

In 1928, with the Yugoslav troops threatening at the northeastern border, Ahmed Zogu declared in front of the House of Commons his intentions to become the king of Albania. Italy immediately began to throw monetary support his way. To bolster the Albanian economy and transportation infrastructure, Italy signed another agreement with Albania in June 26, 1931. In it, Italy offered to subsidize the Albanian budget by extending a loan of one hundred million gold francs (L 6,600,000). These new measures were taken to make the Albanian economy more stable by balancing the country's budget and facilitating public works. By this time, Italy had established a committee with four members which had a similar role to that of SVEA during the late 1920's. This commission monitored the financial affairs of all ministries, and ironically, Italian members of the committee had a veto power on outlay in order to ensure that Italy had enough financial control to check corruption. However, this agreement did assure a positive relationship between the two countries for years to come.

Through the years, Albania accepted a greater number of Italian advisers, some to exercise even more authority than before, and in the same vein, agreed to install a number of Italian technical experts, whose advice was not solely restricted to financial and economic matters; they also consulted on public works and oil concessions around the country. At every turn, the Italians continued to agree to extend their manpower contributions and financial assistance in all areas of Albanian economy. Italy's generous support was so impressive that they even forgave a loan of 100 million gold francs, of which only 20 million had been paid back by the Albanian government, when this agreement was signed in June, 1931. Paradoxically, a new loan of nine million gold francs was made, plus another three million that Mussolini offered spontaneously in 1935. Furthermore, the Italian government granted another loan of about ten million gold francs which was for the development of agriculture, to be payable in five years; this loan had only a 1% interest, made possible by a guarantee from the Italian oil concession in Albania which was already reaping huge profits. Topping this, Italy granted another loan of three million gold francs, this time interest free, to be used for the establishment of the tobacco monopoly in the country; this amount had to be liquidated in a period of fifteen years with a minimum of 200,000 Lire paid each year. Lastly, Italy offered a loan of 40 million gold francs in annual installments of eight million gold francs, with the money to be spent on the construction of public works which would be monitored by the Italian specialists. Thus, with one loan after another, the Italians had their fingers fully into every segment of the Albanian economy.

A particularly important project to the Albanian economy was the construction and modernization of the port of Durrës as a result of an agreement made in Rome between the two governments. The structure of the harbor and the infrastructure was

improved considerably after the Italians took entire control of the construction of the main section of it. In addition, another agreement was signed in 1936 allowing Italy's interference in, or regulation of, Albanian finance, customs, revenues, exports and imports through this and other ports, which channeled even more profits back to Italy. One of the most lucrative industries in the country was oil: it was managed after WWI by British Petroleum until the Italians began to move into this sector in 1920.

Eventually, 300,000 Italian émigrés came to settle in Albania. Italian schools opened everywhere and the major cities of Albania were given Italian names. The outcome of the Italian interference was really a *de facto* colonization of Albania which had its positive impact in regards to development of the import/export trade in the interwar period. Mussolini once declared, "Italy's policy in Albania is quite clear and absolutely straight forward. Its sole object is to preserve and to respect the independent status of this small country, which for centuries has lived in friendship with us" it would take another three years to reveal the true intentions of Italy towards Albania.⁴ Unfortunately, the small country of Albania could not have been stabilized and would have sunk into anarchy had Italy not stepped up to take the helm of this newly formed nation.

Italian contributions to every aspect of Albanian economy and culture completely transformed Albania in a matter of two decades. Thanks to the Italian assistance the total exports in 1938 amounted to 10.2 million gold francs and the principal items were crude oil, cheese, eggs and livestock. Imports exceeded 18.9 million gold francs, and consisted of textiles, cereals, petroleum, machinery and sugar. Finally, in 1938 the Italian government implemented a generous renegotiation of the SVEA debt of 28 million francs of penal interest were written off. Italians shared their experience and expertise to bring "western" values to Albanian society. Italy introduced its own education system in accordance with the ideas of Mussolini and how the youth should be educated. There was even a delegation sent in 1937 to advise King Zog I on organizing youth committees similar to the fascist groups in Italy. By the mid 1930's, Albania's bargaining position was nil and Italy had almost subsumed the Albanian economy and culture. Yet, Italy, under the glare of disapproving international eyes, was still threatened by the possibility of Yugoslav patronage.

Italian Strategic interests

Any contributions Italy makes to the Albanian economy are and have always been based on the interest in the geostrategic positions of the two countries. Indeed, from Italy's heel to Albanian gulf of Vlora, it is only 50 miles. As far back as the crumbling of the Ottoman Empire, Italy had begun to pursue an aggressive role towards controlling Albania. At that time, the Albanian territory was a war-torn nation, incapable of

⁴ Kirkpatrick, Sir Ivone. *Mussolini, Study of a Demagogue* (Odhams.1964.)

defending herself and on the verge of being partitioned by neighboring countries. Besides Italy, Serbia, Greece and Bulgaria all had self aggrandizing plans involving the Albanian territory. It should be emphasized that Italy has always pursued a policy of colonization and annexation of the Albanian nation. So it seemed “business as usual” to step in and take a “fatherly” role in 1925. The desires of the principle Albanian elected officials, who wanted to rely on a foreign power from which they could take loans and bring the Albanian economy to its feet, matched perfectly with *Il Duce’s* plans. Since coming to power Mussolini had pursued a strategy based on invading weak countries and profiting from their resources. Albania was an especially prized plum. First, its strategic geographic position provided a perfect bridge to expand Italian influence in the Balkan Peninsula. Secondly, The Italian Dictator wanted to control the Adriatic Completely and having Albania under his protectorate would give him the right to control the Straights of Otranto and thereby secure the entire eastern coast of Italy from an imminent attack. Thirdly, control of these straights also afforded Italy control of the Yugoslav navy and international trade in and out of the Adriatic. When Italian troops invaded Greece on October 28th, 1940, it became abundantly clear that this strategy had worked. Fourthly, North Africa was on the top of the list after Albania to be controlled and without a full control of the western Balkans it would have made impossible to achieve these objectives in North Africa. At first, Mussolini was willing to collaborate, as he had done in the past, with the Yugoslav government and offered them a piece of the Albanian pie. *Il Duce* always had the idea of triumphant foreign policy that would challenge the world and he dropped negotiations with Yugoslavia. Italian Policy towards Albania was never based on altruistic principles. It was not really about making a contribution to the economy, but was rather more about securing the Italian interests across the Adriatic and waiting for the perfect moment to declare full authority over Albania and its neighbors. The assistance offered by Italy consisted of giving with one hand and taking double the amount with the other. The relations with the Italian government, as Zogu sorely discovered, were not at the level of genuine friendship. By 1939, the Italian ally was distrusted more than the enemy.

The Italian Invasion Begins; the brake of the alliance (April 7th, 1939)

In a matter of months Mussolini would decide to invade Albania, resulting in a complete destruction of the entire infrastructure that Italy had so carefully built. By the end of 1938, with the alliance between the two countries starting to crack and with a new government being elected in Yugoslavia, Mussolini was inspired to achieve, with considerably less effort, his intentions against Albania. For Mussolini, the Balkans, offered tremendous mineral wealth and strategic geographical position, but more importantly, he wanted to keep pace with his German buddy who had already annexed the Sudetenland and Czechoslovakia. To justify the invasion, if only to themselves and Germany, Italy prepared a report analyzing the importance of the

Albanian territory, and plans for its reclamation. It would take less than a year for Albania to be completely overwhelmed and gutted by its former ally, Italy. Mussolini continued in his intentions to invade all of the countries bordering Albania, and never wanting to be considered a second string ally of the axis.

In Rome, indignation stemming from the jealousy of the German expansion in Europe preoccupied Mussolini who wanted to maintain an equal position in the "Pact of Steel." The Italians continuously refused to revise their demands addressed to King Zog and Zog would not budge. Twice, King Zog I did not accept four requests made by the Italian foreign minister, Count Ciano. The first was the complete control of the infrastructure including ports, airfields and roads to be used in a situation when the Albanian sovereignty was in danger. Zog insisted that such an extension of the Italo-Albanian alliance was not acceptable, and that Italian troops should enter the country only with the explicit request of the Albanians themselves. The second request was to have a secretary general in every ministry of the administration. Zogu wanted Italian staff members to be present only on an ad-hoc basis. The third was the request to give full civic and political rights to Italians in Albania. Zogu repeatedly opposed the idea of having foreign citizens to be part of the Albanian parliament, but he supported the idea of civil rights. The fourth and final request was to promote the Italian legation to an embassy, which was only a change in protocol.

It should be pointed out that the King's family was celebrating the birth of the prince named Leka, on April 5th. Having to deal with these political difficulties at this time, Zogu felt betrayed and could not stop his tears of disappointment. Meanwhile, a large number of people surrounded the king's palace and requested weapons to fight the Italians. Zogu sent a telegram to Mussolini requesting to reopen the negotiations and wanted his old friend, General Pariani to be sent to Albania to direct the negotiations. Instead, Mussolini retorted with a fierce message saying that Zogu should send a representative to meet with General Guzzoni at the shores of Durrës (the site of the invasion). Realizing the irony of this offer, on the eve of April 7th, two hours before the invasion, the royal family, under Zogu's supervision, left Albania and immigrated to Greece. This was severely difficult for the queen who had delivered Prince Leka only two days before. On the same morning, Count Ciano directed a flight operation over Albania spreading leaflets calling upon the people to demonstrate friendship to the Italian forces.

In the port of Durrës the first invasion faced some resistance, but in the other ports the Italians disembarked quietly and without a problem. At two a clock the same day, King Zogu addressed the nation and called upon all the people to unite the fight for the freedom of their beloved nation. Unfortunately, no one organized this effort and there were only pockets of resistance here and there. For almost comical Italians, this was essential. The capture of Tirana, the capital, was of primary importance to

Mussolini and he was continuously asking how long it would take to reach it. In the first stages of the invasion, confusion ruled the Italian forces. They had a lack of radio communication and the troops could not report their positions before advancing. Furthermore, the specialist units were not prepared for the tasks they undertook in the invaded territory, and there were motor-cyclists, truck drivers and even generals who could not do their jobs. Often the roads were blocked by broken vehicles and the generals threw up their hands. But still they bore on to overthrow the Albanians. When they finally arrived at the capital, the streets were surprisingly empty, with no resistors in sight.

There are several reasons why King Zogu was not willing to use force to confront the Italian troops. First, Zogu, did not have the support of the neighboring countries, Yugoslavia and Greece. Both of these countries did not want to supply armament to the Albanians, as they had been scared off by the Italian military capabilities. Secondly, the Yugoslav army declared that they would not enter the Albanian territory unless there was conflict in a Fifteen mile radius of the northeastern border. However, Yugoslavia was restrained from entering into Albanian territory by a previous agreement with Italy. Thirdly the Albanians showed little interest in fighting under the leadership of King Zogu. In fact, many Albanians spent their first week under Italian occupation debating whether Zogu was worth keeping as king. Zogu's regime had failed to keep control of the local leaders because Italy had found a way to eliminate Zogu as a middleman and finance these "chieftains" directly. Whatever resistance there was to be, it would be waged by communist groups that fought tirelessly throughout the war. Mussolini was able to find a pretext in order to make his strategic invasion legitimate and as necessary as possible even from the Albanian point of view. The Italians pretended that in order to preserve peace in the Balkans it was important to overthrow the Zogu regime. It was interesting to see an Italian puppet become their number one enemy 14 years later. Zogu explained, "I knew what Italians were after and I prevented them from getting control of the country by peaceful means...international politics left us no other choice to come to an understating with Italy. But the megalomania of the fascist regime made us certain that one day we should have to fight to defend ourselves."⁵ Interestingly, count Ciano and his clique never really had to depose Zogu as his Albanian support had already dried up. And as for "preserving peace in the Balkans," the Italians had merely blown apart a very fragile time of Balkan quietude. As a French Journalist once said, "Pays Balkanique, Pays Vulcanique," peace in the Balkans is like a "peaceful" volcano.⁶

⁵ Qosja, Rexhep. "La Question Albanaise." (Artheme Fayard, Paris. 1995.)

⁶ Schuman, Frederick L. "Night over Europe. The Diplomacy of Nemesis, 1939-1940."

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