УДК (UDC) [327 : 94] (450+497.1+496.5) «1929-1934» DOI: https://doi.org/10.33782/eminak2023.4(44).679

THE ITALIAN-YUGOSLAV RIVALRY FOR POLITICAL-ECONOMIC INFLUENCE IN ALBANIA 1929-1934

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ABSTRACT

The purpose of the study is to analyze in a substantive manner the circumstances in which Albanian-Italian and Albanian-Yugoslav relations have developed and in particular to reflect the causes and consequences of the Italian-Yugoslav rivalry for economic and political dominance in Albania. Although the objective and clear reflection of the Italo-Yugoslav rivalry affects the exact recognition of the specifics and challenges that these countries faced in extending their influence over Albania through the economy during the above-mentioned period. As a result of the essence of these challenges, we are able to create a clearer perspective in the development of more intensive economic and political relations between Albania and the former Kingdom of Yugoslavia, on the one hand, and Italy and the countries of the former Yugoslavia on the other. Though today Italy does not focus on the Albanian area due to the common European market, the countries of the former Kingdom of Yugoslavia continue to have tendencies for dominance in the economy of the Albanian state. The real reflection of the specifics and challenges in the period 1929-1934 and the analogy with the specifics of today, are another essential goal.

Scientific novelty: it was concluded that the characteristic of the Italian-Yugoslav rivalry in the period 1929-1934 is the dominance of the Kingdom of Yugoslavia in the political and to some extent also the economic life of Albania, in particular in the years 1933-1934, although Italy was much more powerful and more present in political and economic life. But the reason for this favorable position of the Kingdom of Yugoslavia only in this period of time was the crisis in Albanian-Italian relations, as a consequence of the refusal of the Albanian side to renew the Pact of Friendship in 1931 and Italy's request for customs union with Albania in 1932. The rivalry between these two countries was exacerbated by the geographical proximity of the two countries to Albania, and the small cost of benefits, so their interest was extremely high.

Conclusions. In 1929-1934, the Kingdom of Yugoslavia and Italy had fierce competition for political and economic dominance in Albania. However, despite the temporary advantage of the first one and its constant efforts, Italy managed to be dominant and challenge its main competitor in Albania: the Kingdom of Yugoslavia. It even managed to remove Albania from Yugoslav influence, turning it in its entirety on its side. In addition to the Kingdom of Yugoslavia's economic and military powerlessness in comparison to Italy, the Italians throughout the 1920s had invested a great deal of time and resources in establishing the state of Albania, which sought support from some power of the time, such as Italy, in its efforts to attain overall development. The political and economic life of Albania was also dominated by Italy due to its proximity to Albania and the fact that neither Greece nor the Kingdom of Yugoslavia had territorial claims towards Albania, at least not until the mid-1930s.

Keywords: Albania, Italy, Kingdom of Yugoslavia, Rivalry, Economy, Politics

ІТАЛІЙСЬКО-ЮГОСЛАВСЬКЕ СУПЕРНИЦТВО ЗА ПОЛІТИКО-ЕКОНОМІЧНИЙ ВПЛИВ В АЛБАНІЇ 1929-1934

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Анотація

Метою дослідження є змістовний аналіз розвитку албансько-італійських та албансько-югославських відносин та відображення причин та наслідків італійськоюгославського суперництва за економічне та політичне домінування в Албанії. Об'єктивне та чітке відображення італійсько-югославського суперництва впливає на точне визначення специфіки та викликів, з якими стикалися ці країни, впливаючи на Албанію через економіку протягом вищезазначеного періоду. За сутністю цих викликів ми можемо створити чіткішу перспективу розвитку більш інтенсивних економічних і політичних відносин між Албанією та колишнім королівством Югославії, з одного боку, та Італією та країнами колишньої Югославії — з іншого. Хоча сьогодні Італія не зосереджена на албанській області через загальний європейський ринок, країни колишнього королівства Югославії продовжують зберігати тенденції до домінування в економіці албанської держави. Справжнє відображення специфіки та викликів у період 1929-1934 рр. та аналогія зі специфікою сьогодення є ще однією важливою метою дослідження.

Наукова новизна. Зроблено висновок, що характеристика італійсько-югославського суперництва в період 1929-1934 рр. – це домінування Королівства Югославії в політичному, і певною мірою, в економічному житті Албанії, зокрема в 1933-34 рр., хоча Італія була набагато потужніше представлена в її політичному та економічному житті. Причиною сприятливого становища для Королівства Югославії у цей період була криза албансько-італійських відносин і, як наслідок, відмова албанської сторони відновити пакт дружби у 1931 р. та пропозиції Італії про митний союз з Албанією у 1932 р. Суперництво між цими двома країнами спричинялося географічною близькістю двох країн до Албанії та перевагами незначних витрат, що й пояснювало їх надзвичайно високий інтерес.

Висновки. У 1929-1934 рр. Королівство Югославія та Італія вели жорстку конкуренцію за політичне та економічне домінування в Албанії. Однак, незважаючи на тимчасову перевагу першого та його постійних зусиль, Італії вдалося зайняти домінуюче положення, кинувши виклик своєму головному конкуренту. Їй навіть вдалося звільнити Албанію з-під югославського впливу, перетягнувши на свій бік. Окрім економічної та військової безсилля Югославії порівняно з Італією, італійці протягом 1920-х років інвестували багато ресурсів у створення держави Албанії, яка шукала підтримки у такої країни як Італія у своїх прагненнях розвиватися. У політико-економічному житті Албанії також переважала Італія через її близькість до Албанії та те, що ні Греція, ні королівство Югославії не мали територіальних претензій до Албанії, принаймні до середини 1930-х років.

Ключові слова: Албанія, Італія, Королівство Югославія, суперництво, економіка, політика

INTRODUCTION

The fact that Albania was under a communist system for 45 years has made it very difficult to analyze objectively and critically historical processes with socio-political as well as economic ramifications. As Italy and the Kingdom of Yugoslavia have long been rival neighbours of Albania, the current situation indicates that the approaches of these two countries have changed in light of current circumstances. In contemporary economic and political relations, there are a number of data that prove that Italy, the dominant of the Albanian economy and politics in the 1920s and 1930s, continues to have its influence in Albania, not only in the field of economy, but also in that of culture. In contrast to Italy, Serbia, as the successor of Yugoslavia, still faces similar problems in regard to Albania. The most significant of these was and remains the issue of Kosovo and in general the status of Albanians outside Albania in 1913. Therefore, just as it was during the early 1930s, Italy remains a great superpower to this day, unlike Yugoslavia in the 1930s or Serbia in the 2020s, which continue to have problems with Albania which have historical roots.

The purpose of study is to reflect the causes and consequences of the Italian-Yugoslav rivalry for economic and political dominance in Albania. Another goal is to get to know the challenges that these countries had for the development of economic-commercial relations, in order to create in the current period a clearer perspective in the development of political and economic relations between Albania and its two neighbouring countries.

It is the purpose of this article to outline a number of topics of interest for the study of this subject in order to discuss how circumstantial factors have continued to influence interstate relations not only in the period 1929-1934, but also today. Therefore, the real reflection of the specifics and challenges in the aforementioned period and the analogy with the specifics and challenges of today, are another essential goal. The main objective of this article is to bring new data or to interpret in a different and objective way the previously published data, with the aim of the real reflection of the Italian-Yugoslav rivalry for dominance in Albania in the first part of the 1930s. In light of the fact that we have examined Albanian, Yugoslav, and Italian historiography from the communist and postcommunist periods utilizing archival sources, we anticipate that this research paper will become a part of the annals of European and world historiography as a reference point for future researchers interested in researching this topic.

LITERATURE REVIEW

Although, many Albanian researchers (Emine Bakalli, Paskal Milo, Beqir Meta, Izber Hoti), then Yugoslav researchers (Živko Avramovski, Bogdan Krizman, Vuk Vinaver), Italian researcher Alessandro Roselli, English researchers (Joseph Swire, Joseph Swire) etc, have addressed this issue fully or indirectly, there is still room for innovation, because it has not yet been fully and objectively reflected. There are several factors that have prolonged the full and real reflection of the dynamic process of interstate relations in the Balkans in the years 1929-1934.

We are listing some of them further: the lack of objective studies in the period of the communist system (1945-1990), as a consequence of the dictatorship along with others also on science, then, the lack of objectivity as a consequence of the lack of

professionalism, the lack of resources primary, the influence of different ideologies, etc. Consequently, due to our disagreement with the presented scientific and theoretical positions, as well as the lack of real presentation of the facts on the Italian-Yugoslav rivalry for economic and political dominance in Albania during the 1930s, we decided to address this issue in order to provide new results based on a completely different approach.

Previous studies show that the Italian-Yugoslav rivalry for political and economic domination in Albania in the years 1929-1934 was not only intense, but depended on Albanian-Italian and Albanian-Yugoslav relations, which were sometimes good and sometimes strong. According to the reviewed studies, it appears that Italy was much more powerful, thus of course, it dominated the political scene and the commercial space of Albania, but when Albanian-Italian relations were in crisis, as they were in 1931, then the Kingdom of Yugoslavia used this situation to realize its ambitions in relation to Albania.

While there have been precisely these shortcomings and challenges, the solution of which by Albanians has been seen to come directly to cooperation with Italy, as a great power of the time. Rome had great economic interest in Albania, as a precursor to the political occupation, a long-standing goal of Italy for the domination of the Western Balkans.

All the scholars we have examined, such as those Albanians: Emine Bakalli, Paskal Milo, Begir Meta, Izber Hoti, etc., those Yugoslavs such as Avramovski, Bogdan Krizman, Vuk Vinaver, etc., and foreign scholars such as Joseph Swire, etc., almost agree about a definition that the political and socio-economic circumstances of Albania depended on its relations with Italy and the Kingdom of Yugoslavia, with which there were times stages of mutual cooperation, and sometimes tensions and crises in diplomatic relations, the consequences of which were quite great for the Albanian state. Moreover, these researchers, through facts have established that the reasons for the political and economic domination of the Kingdom of Yugoslavia in Albania in the early 1930s were as a result of the crisis in Albanian-Italian relations, due to the rejection by the Albanian side of the continuation of the First Treaty of Tirana in 1931 and the rejection in 1932 for the customs union of Albania with Italy. But another reason that the above-mentioned researchers point out is also that of the expression of mutual interest for the intensification of trade exchanges, due to the low cost and other interests. However, almost none of them elaborates on the strong influence of Italian-Yugoslav relations in Albania. When Italy and Yugoslavia had strong relations, Albania was not able to take advantage of opportunities to cooperate with either of those countries. When relations between the two cooled, Albania was able to take advantage of this opportunity by seeking a cooperative relationship with one or both of them.

Albanian-Italian relations were more stable, in contrast to Albanian-Yugoslav relations, which were more fragile (sensitive). These relations could not be deepened nor fully normalized because the attitude of the Yugoslav kingdom towards Kosovo Albanians played a dominant role. While, with Italy, although there have been some moments of crisis in diplomatic relations, however, due to promises that Kosovo and other Albanian regions will join Albania, Albanian-Italian relations in the 1920s and 1930s have been extremely close. Therefore, for Albanians, the weaker the Kingdom of Yugoslavia was in the face of a strong Italy, the greater were the chances of Albania's

development. The Yugoslavs, according to Nikola Pashic: "They wanted an independent but weak and unregulated Albania so that Italy could not use it against them"¹.

From the review of the literature, we came across contradictory positions of the studies published in the communist period² and post-communist ones³. The difference is due to the gap that the authors have in relation to the interest in Albania of the Great Powers, particularly Italy. While the first part of the researchers see the interest of the Great Powers as an attempt for economic-political domination, the second part of them see this interest as an opportunity for the development of Albania, through the attraction of investments from the Great Powers.

THE HISTORICAL BACKGROUND OF THE ITALIAN-YUGOSLAV RIVALRY FOR ALBANIA. SOME DATA ON THE ITALIAN-YUGOSLAV RIVALRY IN THE 1920S

After the Congress of Lushnja in Albania's domestic and international renown plan at the Conference of Ambassadors in Paris and its accession as a state in the League of Nations, serious efforts for the economic development of the country began institutionally. The Albanian political elite was aware of the importance it had for internal economic consolidation, trade and cooperation with neighboring countries. On the other hand, neighboring countries have long aspired to political and economic influence in Albania, in order to benefit the Albanian market. Since the 1920s, Italy and the SCS Kingdom have been in a more intense competition to dominate the Albanian economy. This was the reason that in the Albanian arena, the diplomacy of these two countries collided fiercely, having an impact on domestic political developments in Albania. Although the Italian-Yugoslav rivalry greatly hindered the functioning of the Albanian state, in fact, this rivalry functioned as a kind of shield for the independence of Albania. This was the reason why this rivalry should be given due attention to Albanian diplomacy⁴.

The intentions and attitudes of Italian diplomacy did not differ much from the attitudes and intentions of Yugoslav diplomacy or the diplomacy of other countries. Italy's strategic interests in Albania have been defensive, but also economic and cultural*. For this, Italy, from the agreement of August 2, 1920, which it signed with

¹ Rushiti L. Lëvizja Kaçake në Kosovë (1918-1928). Prishtinë: Instituti i Historisë, 2016. P. 70-72.

² Toçi V. Ndërhyrja e kapitalit të huaj në Shqipëri dhe qëndrimi i qarqeve demokratike 1921-1925, Tiranë: Akademia e Shkencave e RPSH-Instituti i Historisë, 1974; Toçi, V. Gjendja ekonomike e Shqipërisë në vitet 1912-1944, prapambetja e saj, shkaqet dhe pasojat, Tiranë: Akademia e Shkencave e RPSH-Instituti i Historisë, 1983; Fishta I. Ndërhyrja e kapitalit të huaj dhe pasojat e saj skllavëruese për Shqipërinë (1925-1931). Tiranë: Akademia e Shkencave e RPSH-Instituti i Studimeve Ekonomike, 1979.
³ Luku E. Diplomacia evropiane ndaj Shqipërisë ndërmjet dy Konferencave të Paqes (1919-1946). Prishtinë: Instituti Albanologjik, 2015; Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar në Ballkan. Qëndrimi i Jugosllavisë ndaj Shqipërisë dhe shqiptarëve 1935-1939. Prishtinë: Instituti i Historisë, 2023; Musaj F. Republika shqiptare 1925-1928. Tiranë: Akademia e Studimeve Albanologjike-Instituti i Historisë, 2018; Roselli A. Italy and Albania; Financial Relations in the Fascist Period. London – New York: I.B. Tauris, 2006.

⁴ *Arifi-Bakalli E.* Drejt eliminimit të faktorit shqiptar në Ballkan. Qëndrimi i Jugosllavisë ndaj Shqipërisë dhe shqiptarëve 1935-1939. Prishtinë: Instituti i Historisë, 2023. P. 29-30.

^{*} Albanians and Italians, these two neighboring peoples were connected by a cooperative, economic and historical past. For more on Albanian-Italian relations and the Italian-Yugoslav rivalry for Albania in the years 1920-1924, see: *Lutfiu S.* Çështja e shqiptarëve në Jugosllavi në sfondin e marrëdhënieve ndërmjet Shqipërisë dhe Jugosllavisë. Prishtinë: Instituti i Historisë, 2021. P. 329-348; *Hasani M.* Rrethanat socioekonomike në Shqipëri 1912-1939. Prishtinë: Instituti i Historisë, 2023.

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the government of Tirana, was continuously interested in preserving the entirety of Albania and helping it become a consolidated state, to serve as a protective wall against the SCS Kingdom⁵. But the purpose of Albania's support was proved soon after Mussolini's arrival in the position of Prime Minister and Minister of Foreign Affairs of Italy (October 1922). It was already clear that Italy's policy towards Albania had a pronounced colonialist character. In the framework of foreign policy, Mussolini established an inter-ministerial commission on economic penetration abroad, headed by Contarin, a senator and minister of state. This commission prepared a special strategy for Albania⁶. The creation of this commission testifies to the focus and importance that Mussolini had given to the segment of trade and through it, Italian domination in Albania, as a country for whose possession, Italy made continuous efforts⁷.

As the Italian influence continued to decline, especially after the Congress of Lushnja, the idea of reaching an anti-Italian Albanian-Yugoslav agreement began to emerge⁸. The Albanian side was interested in reaching an agreement with the Yugoslavs, because the problem with the Italians greatly hampered their position. The war on two fronts was impossible for the Albania of 1920, which had numerous political and economic problems, so the Albanian political elite saw solutions on the Yugoslav side. This position is confirmed by the Minister of Justice Kadri Prishtina, who in March 1920 stated: "The Albanian government is ready to start secret talks with the Yugoslav government in Belgrade, or in some other suitable place to take the Italians out of the Balkans, especially outside Vlora"⁹.

So, as far as Albania was concerned, it tried to establish economic-trade relations with neighbouring countries, although it was much weaker economically and thus the export-import ratio was always high in favour of other countries. However, official Tirana since the early 1920s began serious efforts towards the conclusion of trade treaties. Thus, an Albanian delegation proposed to the Yugoslav government the signing of a trade treaty and a customs convention on the basis of reciprocity. However, the Yugoslav side was not ready to reach such an agreement with Albania, due not only to economic interests, but also because the SCS Kingdom was against its stabilization. Regardless of this initiative, a more serious attempt to reach an agreement between the two countries was made only after the establishment of regular diplomatic relations between the two countries in 1922, a stage when the Skopje Chamber of Commerce and Trade and distinguished businessmen from the South of the SCS Kingdom saw economic cooperation with Albania with interest¹⁰. But, again, efforts for strong economic ties between these two countries failed for several reasons, primarily due to the lack of political stability in Albania, and the developments that characterized the SCS Kingdom by the resistance and uprisings of the nationalists and the Albanian population in Kosovo, left under Serbian-Yugoslav

⁵ Swire J. Shqipëria – Ngritja e një mbretërie. Tiranë: Dituria, 2005. P. 267.

⁶ Cici A. Marrëdhëniet shqiptaro-italiane në vitet 1920-1934. Tiranë: Afërdita, 2002. P. 46.

⁷ *Hasani M.* Rrethanat socio-ekonomike në Shqipëri... P. 321-322.

⁸ Arkivi Qendror Shtetëror i Republikës së Shqipërisë, Tiranë (AQSH) [Central State Archive of the Republic of Albania]. Fund 822, Year 1920, Dossier 28/1, Pages 81.

⁹ *Culaj L.* Shqipëria dhe problemi kombëtar 1918-1928. Prishtinë: Instituti Albanologjik i Prishtinës, 2004. P. 87.

¹⁰ Arifi-Bakalli E. Marrëdhëniet ekonomike shqiptaro-jugosllave 1929-2939. Prishtinë: Instituti i Historisë, 1997. P. 25.

rule, at the Conference of Ambassadors in London in 1913. Another essential reason was that the official Belgrade did not want to come out openly against the Italians, at the time when direct talks with Rome continued on the "The Adriatic Issue"¹¹. So, these factors and others, did not achieve any result that would have a positive impact on the improvement of relations between the two countries.

Despite the strained political and diplomatic relations between Tirana and official Belgrade, however, Serbian-Yugoslav politics expressed continued interest in Albania's economic potential. Since it was already known that Albania was part of the map of oil-rich countries, which ensured economic development, the interest of the Yugoslav side was intensifying. In Serbia, the importance of kerosene was well understood, so the Yugoslav press came out with the demand for a trade agreement between Albania and the Kingdom of SCS as soon as possible¹². It did not take long and Yugoslav capital appeared with offers of concessions in the field of banking and credit, but both were rejected by the Albanian government, for a number of reasons, but above all it is considered that the interest of the Albanian state in attracting powerful investors from Western developed countries dominated. Italians understood this very well, and therefore in the League of Nations, the great financiers lobbied intensively to ensure that Albania had superior monetary and credit systems. They even demanded the right to establish the National Bank of Albania in order to have complete control over this segment of the market¹³.

Although Italy and the Kingdom of SCS were the main rivals for dominance in the political and economic life of Albania, they at some point avoided their discontent, reaching various agreements. Thus, on January 27, 1924, a cordial Pact of Friendship and Cooperation was signed between Italy and the SCS Kingdom. Although Albania is not mentioned in this pact, it is natural for it to be present, given the clashes of Italian-Yugoslav interests in Albanian territories¹⁴.

Starting from this cooperation, on the eve of the June Uprising, namely on June 7, 1924, these two countries signed a joint declaration in which the Italian-Yugoslav diplomats declared non-interference in the internal affairs of Albania of Albania in the cooperation agreement reached between Italy and the Kingdom of SCS at the beginning of 1925¹⁶.

After the overthrow of Noli's government and Zogu's return to power (December 1924) with the help of the Yugoslavs, their position in Albania was not strengthened. Perhaps, the main reason according to Serbian sources was the inability of the Yugoslavs to meet the financial needs of the Albanian government, a fact that prompted Tirana to return from Rome. From the same sources, it is proved that Italy used this favorable position, supporting Albania financially through the formation of the National Bank of Albania in 1925 and the Svea loan of 50 million francs etc. The economic impact was the best and most fruitful way of Italian penetration in Albania, because in this period it was in a very difficult economic situation, while its

¹¹ Culaj L. Shqipëria... P. 88.

¹² Arifi-Bakalli E. Marrëdhëniet ekonomike shqiptaro-jugosllave... P. 26.

¹³ *Luku E.* Diplomacia Evropiane ndaj Shqipërisë ndërmjet dy Konferencave të Paqes (1919-1946). Prishtinë: Instituti Albanologjik, 2015. P. 156.

¹⁴ Swire J. Shqipëria... P. 341.

¹⁵ Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 27.

¹⁶ Avramovski Ž. Britanci o Kraljevini Jugoslaviji. Knjiga Prva (1921-1930). Zagreb: Arhiv Jugoslavije, Globus, 1986. P. 164.

improvement was hard to achieve. In these circumstances, Italy secured the position of patron over Albania, thus avoiding Yugoslav influence¹⁷.

CRISIS IN DIPLOMATIC RELATIONS AND ITALIAN-YUGOSLAV CLASHES FOR ALBANIA IN THE PERIOD OF THE ALBANIAN REPUBLIC

Even in the period 1925-1928, the Italian-Yugoslav rivalry on political and economic issues in Albania has been quite fierce. With Ahmet Zogu's return to power, Albanian-Yugoslav relations continued to be relatively good, due to the support he received in Belgrade, he managed to return and regain power in Tirana. From this, they hoped to have full influence in the government of Tirana and thus eliminate the Italians, their main rivals. But things took a different turn. This is because Albania at the time of the Republic headed by Zogu intensified relations with Italy with which a series of agreements were reached, thus completely avoiding the Yugoslav influence in Albania. Thus, during January 1925 Zogu met in Durres with the Italian envoys, Solo and Durrazo. He hoped that after the fall of Fan Noli's government, there would be a normalization of diplomatic relations with Italy, which he promised to give absolute priority in the economic field. Tirana's willingness to cooperate closely with Rome was welcomed by the Italian side. The Secretary General of the MFA, Salvadore Contarini, drafted the concrete plan on which the Italian government would rely on its policy towards Albania, and on January 20 presented it to Mussolini. In order not to aggravate relations with the SCS Kingdom, he ensured that the project retained its economic character without interfering with political and military affairs. His project contained the ratification of the trade and navigation treaty and the consular convention signed in 1924, the request for kerosene concession, the establishment of the National Bank of Albania, etc. Among these requirements, Contarini considered the most important the creation of the National Bank of Albania (NBA) controlled by Italv¹⁸.

During the years 1924-1932 diplomacy and the Italian government paid the main attention to the economic penetration in Albania. The official Tirana, being constrained by the economic crisis, was forced to seek a financial loan. This prompted it to promise the Italian government that he would recognize the right to superiority in the Albanian economy, also in the field of trade. So, within a relatively short time, Albania broke away from Yugoslav influence and oriented itself towards Italy, thus establishing political relations with Rome, which began with concessions such as the concession of the National Bank of Albania and that of the exploitation of kerosene reserves. Italy gained extensive control over Albania's finances after the signing of several treaties and agreements such as: ratification of the maritime trade and navigation treaty, on March 15, 1925; signing of a treaty on banks and loans, on March 15; establishment in Rome of 'Banca Nationale d'Albania' with the main shareholder 'Credito Italiano' and a loan with a high interest rate of 50 million gold

¹⁷ Avramovski Ž. Italianska ekonomska penetracija u Albaniji od 1925 do 1929 godine. Istorija XX Veka. Zbornik Radova. 1963. Vol. V. P. 149-150, cit. for: Gashi I. Albanian – Serbian relations between 1918-1929 according to Serbian diplomatic documents. Вопросы истории. 2019. № 12 (3). P. 5-6. DOI: 10.31166/Voprosylstorii201912Statyi53; Hoti I. Qëndrimi i diplomacisë italiane ndaj Shqipërisë dhe shqiptarëve (1930-1941). Prishtinë: Instituti i Historisë, 1997. P. 65.

¹⁸ For more details about the creation of the National Bank of Albania (Bankës Kombëtare të Shqipërisë, BKSH), see: *Hasani M.* Rrethanat socio-ekonomike në Shqipëri... P. 414-433.

francs administered by the Italian company 'Societa per lo sviluppo economico dell'Albania'¹⁹. An analysis of the Trade and Navigation Treaty between Albania and Italy is essential. The Italian side at the request of the Albanian side removed the text of Article 10 of the treaty, which obliged the Albanian government to commit not to grant monopolistic concessions without agreeing with the Italian government. With the ratification of this treaty by the Albanian Parliament in 1925, the Italian capital was granted the right of "most favored nation". Thus, was legalized the Italian monopoly in foreign trade and in the maritime transport of Albanian import-export goods. In fact, the Albanian market became the Italian market after Italian products were exempted from taxes, Italian citizens had the right to trade in Albania, etc²⁰. Therefore, in the years 1925-1928 Albania had the most intensive trade exchanges with Italy. Based on the above considerations and on the analysis of the facts, we note that the economy of Albania during the Republic has developed, thanks to the investments of Italy.

Regardless of this fact, the Yugoslav political class and the Yugoslav diplomatic corps did not back down from efforts to break Albania from Italian influence. Thus, according to the Minister of Plenipotentiary in Albania, Branko Lazarević (Lazarović), Tirana had to be helped in its efforts to withstand Italian pressure, through loan support, armaments, moral support and concrete interstate agreements. According to Lazarovic and his arm, all these steps, as well as the decoration of Zogu, would have influenced him to break away from the Italian influence²¹.

By the end of 1925, Albanian-Yugoslav relations had steadily improved, and the Yugoslav government was preparing to negotiate several conventions with Albania, the most important of which was the Trade Agreement²². In fact, the focus of relations between Albania and the Kingdom of SCS in the period 1925-1928 were economic and commercial ones, the signing of the consular treaty and extradition, etc²³. Thus, on June 22, 1926 in Belgrade was signed the Albanian-Yugoslav Agreement on Trade and Navigation and two other agreements: that on Extradition and that on Consulates, which were approved by the Albanian Parliament on November 25, 1926, and from Yugoslavia on October 19, 1928²⁴. However, political problems with a historical background and the economic strength of Italy, influenced that the Albanian-Yugoslav economic and trade relations are not as intense as with Italy, regardless of efforts by both sides.

The most severe Italian-Yugoslav clash regarding Albania in the years of the

¹⁹ Bartl P. Shqiptarët Nga mesjeta deri sot. Tiranë: IDK, 2017. P. 204.

²⁰ Hasani M. Rrethanat socio-ekonomike në Shqipëri... P. 370.

²¹ *Meta B.* et. al. Historia e shqiptarëve gjatë shekullit XX. Vëll. III. Tiranë: Akademia e Studimeve Albanologjike-Instituti i Historisë, 2020. P. 131; *Arifi-Bakalli E.* Drejt eliminimit të faktorit shqiptar... P 34

²² Bislimi M., Ibrahimi I. Çështja e Shën Naumit, Dokumente amerikane-raporte të legatës së Shteteve të Bashkuara të Amerikës nga Beogradi dhe Tirana lidhur me marrëveshjen shqiptaro-serbe të vitit 1925 për Shën Naum. Studime Historike. 2012. Nr. 1-2, viti LXVI (XLIX), P. 288.

²³ *Musaj F.* Republika shqiptare 1925-1928. Tiranë: Akademia e Studimeve Albanologjike-Instituti i Historisë, 2018. P. 256.

²⁴ Arkivi i Ministrisë Për Evropën dhe Punët e Jashtme i Republikës së Shqipërisë, Tiranë (AMEPJ) [Archive of the Ministry of Foreign Affairs of the Republic of Albania], (AMEPJ), Dossier 168, Year 1926, Pages 1, 2, 40-45. Trade and Navigation Treaty concluded between Albania and the Kingdom of Serbia, Belgrade, 20 June 1926; *Hasani M.* Rrethanat socio-ekonomike në Shqipëri... P. 470-471; *Arifi-Bakalli E.* Drejt eliminimit të faktorit shqiptar... P. 35.

Republic was that after the signing of the First Pact and the Second Pact of Tirana in 1926 and 1927*. This is because, according to the main clause of the Italian-Albanian agreement of November 27, 1926: "Any unrest against the political, legal and territorial status quo of Albania would be considered contrary to the mutual political interests of both states. The two powers pledged to give each other eventual support and not to enter into political or military agreements with other powers in the interest of the other side²⁵. Therefore, this agreement was reached, thanks to highly secret and hidden negotiations in particular by the Yugoslavs, who were the most interested, and of course their reaction was the most severe. The essential reason for the reaction was because Article I of the Italian-Yugoslav pact of January 27, 1924 was abolished, where it was officially sanctioned that "both contracting parties are obliged to communicate mutually, after prior agreement, the agreements that interest their policy in central and southern Europe"²⁶.

The official Belgrade was so exasperated that on February 1, 1927, the Yugoslav Major State had prepared the plan for the invasion of northern Albania. However, under pressure from the governments of the Great Powers against the Belgrade government, the Yugoslav military intervention in Albania was avoided²⁷. Most shocking for Belgrade was perhaps the other Italian-Albanian pact known as the Second Pact of Tirana (November 22, 1927), which with its signature produced internal effects in the SCS Kingdom. In particular, the reaction came from Yugoslav military circles, which were in a difficult situation due to numerous shortages, four of which were: 1. Lack of military equipment; 2. A small number of soldiers; 3. Finance and 4. Lack of reform in the high command of the military²⁸. In addition to the problems with his army, Belgrade was in an unfavourable position also because it could not rely on Zogu's government, which was already mainly oriented towards Italy²⁹.

Despite these facts, Belgrade's efforts to find pro-Yugoslav elements on the political scene in Tirana had never stopped. One of these personalities was the Albanian ambassador to Belgrade, Ceno Bey Kryeziu, so the Yugoslavs aimed to reach an agreement with him³⁰. That Ceno Bey was Belgrade's favorite is evidenced by an article in the local newspaper 'Nasa Stara Srbija', which, among other things, said: "Ceno Bey's behavior has always been friendly with us [...]. In Albania there were two different movements: one led by Ceno Bey, who was predisposed to cooperate with us, and the other led by Ahmet Zogu, who was oriented from Italy"³¹.

For the Yugoslav intervention in Albania, Italy was also aware, which closely followed the Albanian-Yugoslav relations. From a telegram sent by the Italian Royal Legation in Belgrade to the Ministry of Foreign Affairs in Rome on July 25, 1927, we

* On the Treaties of Tirana and in general the economic and political influence of Italy in Albania during the 1920-30s, see also: *Hasani M.* Rrethanat socio-ekonomike në Shqipëri 1912-1939. Prishtinë: Instituti i Historisë, 2023.

²⁷ Meta B. et al. Historia e shqiptarëve... P. 134; Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 39.

²⁵ Danguy des Déserts D. Një oficer francez në Ballkan 1917-1925. Vëllimi I. Shqipëria dhe Maqedonia. Tiranë: Papirus, 2014. P. 516.

²⁶ Ibid. P. 517.

²⁸ Avramovski Ž. Britanci o Kraljevini Jugoslaviji... P. 443.

²⁹ Gashi I. Albanian - Serbian relations betëeen 1918-1929... P. 40-41.

³⁰ *Destani B.* Hasan Bej Prishtina, Dokumente historike nga arkivat italiane. Tetovë: Qendra për Studime Shqiptare-Londër, 2018. P. 116.

 $^{^{31}}$ AQSH, Fund 163, Year 1926, Dossier 50, P. 1. Report of the Royal Consulate in Skopje concerning the journey of Ceno Bey, 31 July 1926.

understand the advice given by Ambassador Bodrero to diplomats in Rome. This extremely important document, among other things, stated: "By definitively stripping the Kingdom of SCS of control over Albanian refugees, the permanent risk of unrest in Albania could be eliminated, because in this way Belgrade would be stripped of the main weapon it used to threaten peace in Albania"32.

ALBANIA, THE MAIN FACTOR IN THE (DE)STABILIZATION OF ITALIAN-YUGOSLAV RELATIONS IN THE YEARS 1929-1934

Being the main focus of the official policy of Rome and Belgrade, Albania served in this period sometimes as a trigger for rapprochement in Italian-Yugoslav relations, and sometimes as a trigger for destabilization. It was Albania who served as a mediator in bilateral relations between Italy and Yugoslavia when Italy and Yugoslavia agreed to divide spheres of interest in Albania (such as the 1924 agreement). As a consequence, Albania served as a destabilizer in Rome-Belgrade relations when any of these countries had more intensive relations with Albania. In addition to these numerous other factors have contributed to the intensification of the Italian-Yugoslay rivalry for political and economic influence in Albania, which, depending on internal and external circumstances, has declined and risen, which were sometimes in favor of Italy and sometimes of the Kingdom of Yugoslavia. Thus, even in the years 1929-1934, the Italian-Yugoslav rivalry continued to be intense, but significantly changing the Yugoslav position in Albania, to the detriment of the Italian one. This fierce rivalry actually began in 1928 when on September 1 Zogu was declared 'King of all Albanians'. For this reason, official Belgrade reacted strongly, accusing Tirana that with this act it was expressing interest for the Kosovo Albanians and other territories that were within the Kingdom of the SCS³³. Even the Yugoslav Foreign Minister stated that the proclamation of Zogu as 'King of Albanians' and not 'King of Albania' was made in contradiction with the British, French and Yugoslav councils, but in coordination and according to the Italian councils³⁴.

ALBANIAN-YUGOSLAV RELATIONS IN THE CONTEXT OF THE ITALIAN-YUGOSLAV RIVALRY 1929-1934

In this period, official Tirana consistently made efforts to normalize relations with the Yugoslavs. This approach is best expressed by the Albanian Ambassador to Belgrade, Xhafer Vila, who told the Belgrade newspaper 'Politika': "The main goal of my mission in Belgrade is to maintain good relations between Albania and your country. My mission is not only to maintain friendly relations, but also to create a character of sincere mutual trust"³⁵. On October 1, 1928, through his envoys, Zog informed King Alexander that he wanted friendly relations with the Kingdom of SCS. Even to get closer to the Yugoslavs, among other things, he promised that the Tirana Pact would not be continued³⁶.

³² Destani B. Hasan Bej Prishtina... P. 214.

³³ Belgrade's reaction was fierce. Sumenkovic protested in London and Paris, calling Zog an adventurer and a vassal. See also: *Vinaver V.* Jugosllavija i Francuska između dva sa lot intevetska rata. Beograd: Institut za Savremenu Istoriju, 1985. P. 144; *Meta B.* et al. Historia e shqiptarëve... P. 175.

³⁴ Mehmeti A. Diplomacia e Britanisë së Madhe në marrëdhëniet shqiptaro-jugosllave 1919-1939. Tiranë: Akademia e Studimeve Albanologjike-Instituti i Historisë, 2020. P. 298-299.

³⁵ Gazeta e Re (Tiranë). 1929. 11 korrik (Nr. 208).

³⁶ Vinaver V. Jugosllavija i Francuska između dva svetska... P. 144-145; Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 45.

Even Belgrade's diplomats in meetings with their counterparts from Tirana declaratively expressed good neighborly relations with Albania. This position was expressed by the Minister of Foreign Affairs in Belgrade, Nincic, at a meeting held with the Charge d'Affaires of Albania in Belgrade, Tahir Shtylla, to whom, among other things, he said: "Although I am not in a position to lead the foreign policy of the Kingdom of Yugoslavia, I will try, both close to the King and in political circles, to influence the improvement of relations between the two countries"37. As a result of the de-escalation of tensions between Tirana and Belgrade, on June 6, 1929 the agreements reached in 1926 were ratified by the Yugoslavs, then the Protocol on Cross-Border Trade, the Convention on the Maintenance and Reconstruction of Border Signs was signed. Likewise, in 1929, the Albanian Orthodox Church was reconstituted with the support of Serbian ecclesiastical superiors, etc. This attitude of rapprochement with Tirana was motivated by economic and political factors, which were numerous. Among the most important of these were economic factors: the creation of a more dynamic trade and thus the revival of the southern part of the Yugoslav Kingdom, then for the Albanian side the importance of the agreement was related to the fact that economic relations with land neighbors reduced the risk of monopolization of Albanian export-import from Italy, as well as closed the paths to comprehensive penetration, without any competition of Italian capital. So, it was intended that Italy's presence would take on normal dimensions, which could not jeopardize Albania's sovereignty, etc.; while two of the political factors were: creating the conviction in international circles that Belgrade pursues a peaceful policy and good neighbourliness, and perhaps most importantly the possibility of Yugoslav peaceful penetration in Albania, in order to occupy Italy's position in this country³⁸. So, the main goal of the Kingdom of Yugoslavia was economic domination³⁹.

In Albanian-Yugoslav relations, there is no question that the development of relations with Italy was of great importance. Specifically, any offer of Tirana or Belgrade to Rome produced fear and tension on the other side. Therefore, all the time in relation to Albania, Belgrade always expressed fear and thus took action to protect itself from anything that might come from it, which according to Yugoslav diplomacy, Italy was behind. Even in June 1929, Italy had terminated the Treaty of Italian-Yugoslav Friendship, which Mussolini said did not need to be continued⁴⁰. But there was another side to Albania.

CHALLENGES IN ALBANIAN-ITALIAN RELATIONS IN THE EARLY 1930S

Based on numerous sources the period 1930-1934 was actually a crucial stage in the relations between Italy and Albania, not only in financial terms, but also in economic and political terms. The early 1930s found Italy still committed to payments to Albania, at a time when it was almost impossible to repay the loan to it. In fact, these problems were predicted. But since Albania had no possibility of return,

³⁷ AMEPJ, Dossier 419, Year 1929, P. 148-149. Telegram of the Chargé d 'Affaires in Belgrade, Tahir Shtylla, sent to the Ministry of Foreign Affairs in Tirana, Belgrade, 23 April 1929.

³⁸ Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 45-46.

³⁹ *Arifi-Bakalli E.* Marrëdhëniet Shqiptaro-Jugosllave 1929-1939: Temë doktorature, Universiteti i Prishtinës, Fakulteti Filozofik, 1984. P. 32-33.

 $^{^{40}}$ Krizman B. Vanjska politika jugoslovenske države 1918-1941: Diplomatsko-istorijski pregled. Zagreb: Školska knjiga, 1975. P. 21.

they aimed to gain some control over the Albanian administration, in particular over its customs and excise duties. Albania was even given some additional deadlines to repay its Svea loan obligations, of which a large part was never repaid⁴¹. Regardless of this fact, Italy was always extending its absolute influence over Albania. In addition to the treaties of Tirana, the Albanian government was forced to admit close to a hundred Italian officers into its army, while in 1930 the Albanian General Staff received weapons and ammunition from the Italian military forces. For the arming of the Albanian army, of course, the government of Tirana had to pay. According to sources until 1930 it paid 60 million English lira (close to 5 billion Italian lira), which was a very difficult affordability for a crumbling economy, such as that of Albania. Due to the impossibility of economic recovery, Albania was again forced to seek loans on unfavourable terms. Even during the years 1931-1932 the activity of Italian diplomacy towards Albania and its independence were characterized by greater interstate financial ties. Thus, the Taliban saw the possibility of working out another plan for financial aid (April 1931). Albania needed more than ever to receive funds and make investments, having been hit by a very severe agricultural and financial crisis. As a result, not only could it not repay the Svea loan debt, but it received from Italy a new ten-year loan of 10 million francs per year for 10 years, with no interest value (100 million francs). This loan was of a political nature because King Zog intended to cover the state deficit and the recovery of the economy. But even though it was a 10-year loan, after two years, the disbursements were suspended due to the immediate cooling of political relations between the two countries⁴².

The main reason for the cooling of diplomatic relations between Albania and Italy was the end of the 5-year term of the First Treaty of Tirana in October 1931, and King Zog's refusal to renew it⁴³. The fact that the Albanian side was not satisfied with this agreement is evidenced by a letter that the Albanian MFA had sent to the Minister of Finance, Milto Tutulani, at the same time chairman of the Commission for the Improvement of the Albanian-Italian Trade Treaty. In this letter, Minister Rauf Fico, among other things, informed Tutulani that the Ministry of Economy has entered into an agreement with the Italian government for the repetition of the trade treaty between it and the Albanian government⁴⁴. Rome reacted harshly to Zogu for not following the agreement of the First Pact of Tirana. Thus, on June 13, 1931, Grandi wrote to Soragina to convey the message to Zog that the 1926 Treaty should be renewed unreservedly. Grandi even said briefly: "It shouldn't take even one more day for the treaty to be renewed". So, Rome began to undertake a series of measures towards the conviction of Ahmet Zogu. In the phase of aggravation of interstate relations, the Italian government did not respond positively to the ongoing requests of the Albanian government for a moratorium on repayment of SVEA loan instalments, due to the difficulties the country went through. On the other hand, the Albanian government clashed several times with SVEA, not only for the repayment

⁴¹ Roselli A. Italy and Albania; Financial Relations in the Fascist Period. London – New York: I.B. Tauris, 2006. P. 56.

⁴² Bernd J.F. Diktatorët e Ballkanit. Tiranë, 2009. P. 210; *Iaselli L.* L'espansione economico-finanziaria italiana nei Balcani durante il fascism: Temë doktorature. Universita' Degli Studi di Napoli Federico II Facolta' di Economia, N.d. P. 89; *Meta B.* et al. Historia... Vëll. III. P. 457-458.

⁴³ Meta B. et al. Historia... Vëll. III. P. 457.

⁴⁴ AMEPJ, Dossier 257, Year 1930, P. 147-149. On the improvement of the Albanian-Italian trade treaty, Tirana.

terms of the instalments, but also for the concessions it made, such as: favoring Italian companies in world affairs; investments of loan funds in second-hand facilities in violation of the agreement, etc⁴⁵.

The Italians not only cancelled the loan for Albania, but also continued to intervene in the administration of the Albanian government, in the police, in the gendarmerie, etc. They also paid attention to the impact on education, culture and health. Their intervention in the state organs of Albania became so great that the Italian government formed various control commissions, which undoubtedly directly affected Albania's independence. The situation worsened to such an extent that Italy demanded the customs union with Albania*.

On the other hand, the Albanian government in 1931 formed a commission from the Albanian Ministry of Finance, which would deal in detail with the issue of economic relations with Italy. At the same time, it requested from all the Chambers of Commerce of the country, concrete proposals regarding the new agreements, as its term expired during 1933⁴⁶. Likewise, the Albanian Royal Commission proposed to balance imports and exports. If this policy were to be applied, Italy, which absorbed two-thirds of Albania's exports, would have to provide two-thirds of its imports. The Italian side criticized the Commission's report, arguing that they take into account the "necessity" of the current level of Albanian imports for economic development and the inability of Albania to increase its exports⁴⁷.

Zogu decided that in order to get out of this situation, at the same time to free itself from the Italian invasion, to seek solutions from other states. Thus, when Italian diplomacy continued to pressure the Albanian government with the suspension on April 1, 1933 of the loan of 100 million francs, granted two years ago, the king's adviser, Mehmet Konica, approached Belgrade with the request to take a debt of 3 million Albanian francs. For the Yugoslav ambassador in Tirana, this loan was indispensable for Albania, because without this assistance it would have capitulated to Italy. Regardless of the statements of the Yugoslav ambassador in Tirana, the Yugoslav government did not possess free funds to such an extent as to help the Albanian state⁴⁸.

ITALIAN-YUGOSLAV RELATIONS IN THE YEARS 1930-1932: RIVALRY AND EFFORTS TO REACH A BILATERAL AGREEMENT

Rome and Belgrade along with the rivalry for dominance in Albania made efforts

⁴⁵ *Meta B.* et al. Historia... Vëll. III. P. 457; *Verli J.* Kriza ekonomike botërore dhe reflektimi në raportet politike dhe ekonomike italo-shqiptare. *Studime Historike*. 2015. Nr. 1-2. P. 268.

^{*} Zogu was unable to repay the first installment of the loan, so Mussolini conditioned the new extension of the term with the customs union between Albania and Italy. This was an insurmountable challenge for Zogu, because through the customs union, not only did the independence of Albania lose its meaning, but the Albanian economy would become an extension and fusion of the Italian economy. After the customs union would open the way for the penetration of Italian goods without any customs duties, which would greatly hinder the export of Albanian goods. Therefore, Zogu's reluctance was reasonable and his refusal was understandable. See also: *Frashëri K.* Historia e Tiranës. Tiranë: Toena, 2004. P. 274; *Puto A.* Shqipëria politike 1912-1939. Tiranë: Toena, 2009. P. 497; *Meta B.* et al. Historia... Vëll. III. P. 455; *Hoti I.* Qëndrimi i diplomacisë italiane ndaj Shqipërisë... P. 65-67.

⁴⁶ Diplomatski Arhiv Saveznog Sekretariata Inostranih Poslova Jugoslavije (DASSIP), KTO, 1931, f. II, arb. 45/9, nr. 10189. Shkresë e Gj. Nastasijeviqit; DASSIP, KTO, 1933, f. VI, arb. 220, nr. 9142, 7.9.1933, cit. for: *Arifi-Bakalli E.* Marrëdheniet shqiptato-jugosllave 1929-1939... P. 73-74.

⁴⁷ Roselli A. Italy and Albania... P. 59.

⁴⁸ Fischer J.B. Mbreti Zog dhe përpjekja për stabilitet në Shqipëri. Tiranë: Çabej, 2004. P. 243.

during the years 1930-1932 to reach any political and economic agreement, which would nevertheless be harmful to the economy and the Albanian state itself. At the meeting of August 31, 1930 held in Bled, King Alexander had given Marinkovic in writing instructions which consisted of:

- 1. The failure of Italy's intervention in Albania;
- 2. The failure of joint intervention in Albania;
- 3. Provision of guarantees by both parties for the independence of Albania and non-interference in its internal affairs;
- 4. In the event of unrest in Albania, to demand jointly from the League of Nations the use of an international gendarmerie force and
- 5. Guarantee for the request for a loan from the League of Nations, for the financial consolidation of Albania⁴⁹.

While, the Italian Foreign Minister, Grandi had told his Yugoslav counterpart, Marinkovic during a meeting that: "the Albanian problem has two sides: the Balkan side that interests the Kingdom of Yugoslavia and the second, the Adriatic side that interests Italy". According to him, it is necessary to divide the spheres of interest in Albania. Further, Grandi said that a common language had to be found for Albania, which, according to him, represented security for Italy in the Adriatic. At the meeting on October 18, 1930, Grandi, among other things, assured his Yugoslav counterpart, Marinkovic, saying: "This is not a stage for further penetration into Albania nor a claim against you. We give you assurances of all kinds that this alliance will never be directed against you, either militarily or politically". Marinković said: "All contentious issues must be resolved, because the Kingdom of Yugoslavia does not want to see Italy as an enemy. Belgrade needs to know the Italian intentions in Albania" In 1930 Italian influence was still very high, although Italian-Albanian relations were strained. But the reason for the Italian influence was due to the fact that Albania had no friendly relations with any other neighbouring country."

It is also worth noting the efforts during 1932 to reach an Italian-Yugoslav agreement between Mussolini and King Alexander, but without result, as Belgrade refused to recognize "Italy's special interests in Albania"⁵². So, despite attempts at rapprochement with Italy in the years 1930-1932, they resulted without any agreement. Thus, the Yugoslav King Alexander said: "Italy should not be allowed to settle in Albania or to violate its sovereignty and integrity. Any negotiation that would call into question our determination to oppose such a policy would harm not only the interests of the Kingdom of Yugoslavia, but also Albania"⁵³.

Precisely because of the fear of Italian domination in the Balkans, King Alexander was open to the preservation of the Independence of Albania. He even presented this position at a meeting with the Italian representative, Guida Malagole Cippi, to whom he had said: "Italy had reached with Albania the Tirana Pact that guaranteed its independence and integrity and that we fully agree with this issue, and I have even publicly stated that I am interested in defending the independence of Albania". Also,

⁵¹ Hoti I. Qëndrimi i diplomacisë italiane ndaj Shqipërisë... P. 40.

⁴⁹ Krizman B. Vanjska politika jugoslovenske države... P. 53-54.

⁵⁰ Ibid. P. 51-53.

⁵² Arifi-Bakalli E. et al. Historia e shqiptarëve gjatë shekullit XX. Vëllimi III. Tiranë: Akademia e Studimeve Albanologjike, Instituti i Historisë, 2021. P. 505-506; *Puto A.* Shqipëria... P. 523.

⁵³ Krizman B. Vanjska politika jugoslovenske države... P. 53-54.

in a meeting with the Italian ambassador in Belgrade, Gallin, at the beginning of 1932, Alexander was interested in the currents of Italian-Yugoslav relations and the issue of Albania within them. Galli informed him that Italy could not give up its rights in Albania, while the angry Alexander had said: "Albania was the only point where we ask Italy to make concessions, because on other issues, we will give up without any problems". So, the most sensitive point in the Italian-Yugoslav relations was Albania. Therefore, Yugoslav military circles did not agree that Albania should be a bridge for the Italian penetration in the Balkans⁵⁴.

The secret talks that took place between Rome and Belgrade during the years 1930-1932, where the central topic was Albania, ended without any agreement between them. Therefore, it is precisely for this reason that the following year the turn towards a Tirana-Belgrade rapprochement took place. After the extreme deterioration of Italian-Yugoslav relations and Mussolini's conviction of the destruction of the Kingdom of Yugoslavia, Belgrade was open to talks with Tirana and economic agreements with it⁵⁵.

THE GLOBAL ECONOMIC CRISIS AND ITS IMPACT ON THE ECONOMY OF ALBANIA

It is important to note the fact that in the period 1929-1933 the global economic crisis affected not only Albania which was among the least developed countries in the region, but also Italy and the Kingdom of Yugoslavia, which had a more stable economy and continued their efforts to win the Albanian market. On the other hand, Albania's foreign trade in the years 1928-1935 continued to decline continuously, while in 1934 imports and exports had fallen by 30% compared to those of 1929⁵⁶. In the years of the global economic crisis, exports of Albanian products had fallen sharply, in contrast to imports, which were at least twice as high. This was natural, given the fact that the crisis had challenged even the most developed countries of the time. At the top of the list of Albanian exports and imports was Italy, which was at the same time Albania's most developed neighbour. Even when there were tensions in bilateral political relations, it continued to maintain the primacy of trade exchanges with Albania⁵⁷.

The monopolization of the Albanian export-import was a sure opportunity for penetration in Albania, therefore Italy was attentive in this regard and strongly opposed any action of the Kingdom of Yugoslavia, and not only. The official Roma had successfully managed to put pressure on the Albanian government for the blockade against other states. This approach had an effect, as Italy managed to dominate the Albanian market⁵⁸. Throughout the years of the global economic crisis, the impact of Italian capital on Albania's economy was clearly seen. It had three-quarters of the capital invested in the economy by all foreigners, and continued to receive new concessions. Also, in addition to a wide banking network, there were dozens of concessionary companies, most mining enterprises, but also light and food industry, as well as agricultural and construction companies. But the Italians did not set up any important industrial enterprise in Albania, which would affect the opening of new jobs, much needed for the country⁵⁹.

⁵⁴ Ibid. P. 57-61.

⁵⁵ Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 48; Verli J. Kriza ekonomike botërore... P. 267.

⁵⁶ Verli J. Kriza ekonomike botërore... P. 267.

⁵⁷ Arifi-Bakalli E. Marrëdhëniet ekonomike shqiptaro-jugosllave... P. 80.

⁵⁸ Ibid. P. 45; *Fischer B.* Mbreti... P. 181.

⁵⁹ Meta B. et al. Historia... Vëll. III. P. 296.

Although Albania often signed concessions, the vast majority of them were not favorable to its national economy. One of them was the agreement that recognized the right to organize the Italian AGIP (Agenzia Generale Italiana Petrolio) monopoly of the import of petroleum products in Albania, starting from July 1929. This agreement was a great loss for the Albanian economy⁶⁰. The agreement with the oil company AGIP was an unsurpassed challenge for the Albanian government. In a circular that the traders of Durres sent to the Chamber of Commerce in this city, regarding this concession, among other things, they announced that this company had violated the rules and the law of trade, developing unfair competition. According to them, the situation was difficult because AGIP had a stock of oils all over the country⁶¹. For the Italian Ambassador in Tirana, Sola, the Albanian government "had agreed to grant a concession on extremely favorable terms". It called this "another strong link connecting Albania to Italy"62. Despite the problems highlighted above, it must be said that foreign capital investments helped the country's economic development. An example of this is the Italian company AIPA, which carried out the works for the use of kerosene, in particular in the area of Devoll (Kuçova). Importance for the country were also other companies such as: Simsa, SAMIA, THAN, etc. In total, the amount invested in the Albanian industry was estimated at over 100 million francs, mainly Italian capital⁶³.

Due to the boycott of Albanian products by Italy, as a consequence of the deterioration of political relations since 1931, the Albanian government requested from the Yugoslavs the purchase of its products. At the initiative and insistence of the Albanian side in the talks with the Yugoslavs, it was achieved that in the Final Protocol* of the Supplementary Trade Agreement of 1933, olives took first place in the items that the Kingdom of Yugoslavia had to import from Albania. The implementation of this agreement faced obstacles, because this product was not consumed by the Yugoslavs⁶⁴.

Regardless of this agreement, which was not successful, in the period of the economic crisis, the Kingdom of Yugoslavia, in order to benefit from the aggravation of relations between Rome and Tirana, intensified its efforts to improve economic relations with Albania. In addition to the economic interest, Belgrade aimed to extend its influence in political life, always to realize nationalist goals towards Albania and Albanians in general⁶⁵. Therefore, seeing the cooling of Italian-Albanian relations, they began to increase their presence in Albania in various forms. On the other hand, Zogu also began to offer himself to the Yugoslavs, always in order to intimidate the Italians⁶⁶. In these circumstances, the Italians had to think carefully about redesigning relations with the Albanians, otherwise they were in danger of losing influence in

⁶⁰ Fischer B. Mbreti... P. 181; Verli J. Kriza ekonomike botërore... P. 268.

⁶¹ AQSH, Fund 253, Year 1934, Dossier 2, P. 1. Circular of traders of Durrës sent to the Chamber of Commerce on the concession of AGIP company, Durrës, 8 March 1934.

⁶² Puto A. Shqipëria... P. 486.

⁶³ Luku E. Diplomacia evropiane ndaj Shqipërisë... P. 244-245.

^{*} What should be noted is the fact that after the trade agreement signed with Italy in 1924, Albania had signed other treaties on special bilateral tariffs with Greece, Yugoslavia and France thus expanding the relative benefits to other countries, which required the clause of favored nations by means of various types of trade conventions. See also: *Roselli A*. Italy and Albania... P. 58.

⁶⁴ Arifi-Bakalli E. Marrëdhëniet ekonomike... P. 131.

⁶⁵ Meta B. et al. Historia... Vëll. III. P. 466.

⁶⁶ *Milo P.* Politika e Jashtme... P. 820-821.

Albania, an influence that had long been intended by the Yugoslavs. Regardless of relations with Italy, it must be said that the development of economic relations between Albania and the Kingdom of Yugoslavia was of great interest to both sides, but in particular to the Yugoslavs. This is due to the fact that Yugoslav exports to Albania were on the rise. If we give detailed figures, we see that there is an increase in Yugoslav exports. Thus, Yugoslavia previously occupied the seventh and ninth place in the Albanian import, in 1928 it managed to take the sixth place, and in 1929, the third place. From these data it is clear that Yugoslav traders showed greater interest in the Albanian market. Although this market was not as large, it was important for Yugoslav products, especially industrial ones such as cement, wood for construction, sugar, chemical products, etc⁶⁷. So, the trend started to be positive, which served as an incentive for increased economic cooperation.

ALBANIA'S INCLUSION IN THE BALKAN CONFERENCES AND ITS EXCLUSION FROM SIGNING THE BALKAN PACT AS A RESULT OF THE ITALIAN-YUGOSLAV RIVALRY

In addition to successes in the economy and trade, Belgrade tried to achieve its objectives through diplomacy, with the aim of excluding Italy from its sphere of influence in Albania. Thus, Yugoslav diplomacy on the one hand expressed good relations with Italy, on the other hand in the period 1930-1934 worked hard during the Balkan Conferences to achieve an alliance between the participating states in order to strengthen its position and influence in Albania. Therefore, the signing of the Balkan Pact⁶⁸ on February 9, 1934 for the Kingdom of Yugoslavia was a great success in relation to Italy and the weakening of its influence in Albania. This is because the Yugoslavs felt continuously threatened by Italian domination in the Balkans. This fact is also emphasized by the British Ambassador to Belgrade, Nevil Handerson, who among other things states: "The pact represents a blow to Italian policy in the Balkans... Any agreement aimed at limiting Italy's ability to cause disasters in the Balkans is useful"⁶⁹.

Although Albania was a participant in the Balkan Conferences, it is not a signatory to the Balkan Pact. The reason for this, along with the interests of the Balkan countries that Albania did not count on to have any weight of importance, was also Italy's continued effort to prevent Albania from signing the Pact. The Italian Ambassador in Ankara said that "Italy would never see with a good eye that Albania would be called to participate in the Balkan Pact". Turkish Foreign Minister, Tefik Ruzhdi, on this issue stated that: Albania was impossible to participate in the Pact because it has an alliance with Italy, which has not given its consent⁷⁰. As Belgrade sought to disassociate Albania from Italian influence, it sought to support its accession to the Balkan Pact. But support from the Yugoslav side alone was insufficient, so Albania eventually missed the chance to sign the Pact. Rome, feeling this as its success, stated that: "Albania is our inviolable zone and anyone who has to deal with it, must first get permission from Italy"⁷¹.

67 Arifi-Bakalli E. Marrëdhëniet ekonomike... P. 40-41, 55.

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⁶⁸ For more details about the Balkan Pact, see: *Hasani M.* Rrethanat socio-ekonomike në Shqipëri... P. 581-587.

⁶⁹ Avramovski Ž. Stav britanske diplomatije prema sklapanju balkanskog sporazuma (1933-1934). Radovi Zavoda za hrvatsku povijest Filozofskoga fakulteta Sveučilišta u Zagrebu. 1983. Vol. 16, No. 1. P. 175.

⁷⁰ Milo P. Politika e Jashtme e Shqipërisë. Vëll. I: 1912-1939. Tiranë: Toena, 2013. P. 817.

⁷¹ Ibid. P. 818.

YEAR 1934: TURNING POINT IN ALBANIAN-YUGOSLAV RELATIONS

Despite the triumph of Italian diplomacy in relation to Albania and the disagreements between Tirana and Belgrade on many issues that are already known, Albanian-Yugoslav relations during 1934 marked a turning point, due to the fact that both sides tried to create the impression that they are not interfering in the internal affairs of the neighboring state. As a result of creating a climate of interstate cooperation, always to achieve their goals, Albania and the Kingdom of Yugoslavia during this year signed a series of new and complementary trade protocols and agreements and not only. In addition, the Yugoslav side promised to grant a loan to Albania in the amount of two million Fr. Gold.* After the signing of the supplementary agreement, the two sides began to think about opening talks regarding the creation of a free movement and trade zone on the Albanian-Yugoslav border. This agreement was reached in 1934, according to which this area included only 15 km on both sides of the border⁷². It should be noted that for the Albanian government it was the economic interest and the improvement of Shkodra's trade balance that pushed it to cooperate with the Yugoslavs⁷³.

These interstate agreements, in addition to the economic side, also had a political side, because Italy closed the way for its penetration in the Balkans. We say this because in this period we have deterioration of Albanian-Italian relations as a result the cessation of financial assistance from Italy. Belgrade was waiting for this moment, which, in accordance with its goals, to stop the momentum of Italian economic penetration in Albania, was ready for the Albanian side to make large concessions in order to avoid Italian dependence. To achieve this goal, through the supplementary trade agreement, Belgrade aimed to improve Albania's trade balance** by exporting and importing to the Albanian state⁷⁴. Since the signing of the new Albanian-Yugoslav trade agreement had a positive impact on the rapprochement of political positions between the two countries, in this period talks were held and the possibility of a political alliance was projected. For this reason, not infrequently Yugoslav heads of diplomacy, such as Djonovic, visited Zogu at the Royal Palace, where, according to Italian diplomats' sources in Tirana, not only the signing of the Balkan Pact by the Albanian side was discussed, but also the possibility of its association in a special

^{*1.} The Supplementary Agreement, signed in Belgrade on December 20, 1933, which validated the import quotas was implemented by the government decision of February 8, and entered into force on March 6, 1934; 2. Additional agreement with Annex C of 1926, which was intended to facilitate the border crossing to the Shkodra market, was signed in Belgrade on May 5, 1934; 3. Protocol on the delimitation of the border free zone, as certified by Annex C of 1926 and other points regulated by it, signed in Belgrade on May 8, 1934. Also see: *Avramovski Â*. Britanci o Kraljevini Jugoslaviji... P. 235-240; *Arifi-Bakalli E*. Drejt eliminimit të faktorit shqiptar... P. 49.

⁷² Mehmeti A. Diplomacia e Britanisë së Madhe... P. 322.

⁷³ AMEPJ, Dossier 265, Year 1933, P. 10. Report on the situation of the Albanian population in Yugoslavia drafted by the Royal Consul of Albania in Bitola, Hamdi Kazazi sent to the Foreign Minister in Tirana, Bitola, 14 December 1932.

^{**} In line with alternative economic policy and approximation, in order to reduce Albania's dependence on Italy, the Albanian and Yugoslav governments envisaged the creation of a separate office (Article III) to increase the exchange of goods in foreign trade. Their goal was to examine the mutual trade exchange accounts, to take measures for the full implementation of the agreement. – *Arifi-Bakalli E.* Marrëdhëniet ekonomike... P. 48-51, 55; *Luku E.* Diplomacia... P. 224-225.

⁷⁴ Avramovski Ž. Britanci o Kraljevini Jugoslaviji... P. 239.

alliance with the Kingdom of Yugoslavia and the Little Entente. Yugoslav sources also shed light on these political developments. Thus, according to them, at the beginning of November 1933, Zogu through Djonovic asked Belgrade for the admission of Albania into the Little Entente⁷⁵.

Yugoslav diplomats stated that they supported Albania in its efforts to organize, strengthen and modernize the state as well as its economic development. They even said that the consolidation of the independence of Albania and its transformation into a valuable member of the Balkan and international family was a sincere goal of the policy pursued by official Belgrade. However, Belgrade did not fulfill any of the obligations defined in the above-mentioned interstate agreements. The parties faced objective obstacles such as: similar economic structure, lack of traffic lines, incorrect attitude of Yugoslav merchants, etc. As a result, hopes for an intense economic and trade relationship were fading⁷⁶.

On the other hand, Italy had claims not only during the years 1929-1934, but also beyond, for domination and then the invasion of Albania. For this it is enough to quote the representative of the Italian government, Vicenco Loiakono, when during his visit to Albania, he stated that: "The exploration of oil and mineral resources continues. Albania is turning into a bastion of Italy in the Balkans, into a controlled territory and this is a good thing, because the path of the Empire starts with Albania"⁷⁷. To achieve this objective, Italy on June 23, 1934 sent* a squadron of six cruisers and thirteen destroyers into Albanian territorial waters78. The demonstration of the Italian naval force in the port of Durres produced two concrete results: firstly, it further strengthened the distrust of the Albanians towards the Italians and, secondly, it unified around Zogu the population of all regions of Albania, although there were numerous contradictions⁷⁹. The lack of trust was further reinforced by the fact that Italy's economic policy had completely failed to build a functioning economic structure in Albania. The country had gradually lost no small wealth in gold coins that Albanian citizens had been able to accumulate in the past. The Albanians were unable to buy anything⁸⁰.

However, Albania emerging from the economic crisis experienced a recovery of the domestic economy. In 1934 it signed bilateral free trade agreements with Greece and the Kingdom of Yugoslavia, while in 1935 it signed such an agreement with Italy⁸¹. Also, during 1935, Belgrade and Tirana tried to sign a secret treaty, but the

⁷⁵ *Milo P.* Politika e Jashtme... P. 829-830.

⁷⁶ Arifi-Bakalli E. et al. Historia... Vëll. III. P. 507-508; Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 49.

⁷⁷ Smirnova N. Historia e Shqipërisë përgjatë shekullit XX. Tiranë: Ideart, 2004. P. 174.

^{*} Despite warnings of resistance, the demonstration of military force by Italy frightened Zogu, who immediately informed the diplomatic representatives of the Great Powers and the neighboring countries accredited in Tirana as well as the Albanian legacies abroad. Romeo didn't expect that kind of reaction. However, recognizing him as a pragmatic leader, Rome proposed to him the resumption of talks. Also see: *Milo P.* Politika e Jashtme... P. 834.

⁷⁸ AMEPJ, Dossier 221, Year 1933, P. 147. Albanian-Italian relations, translation of the main article of the newspaper 'Vardar', Skopje, 12 October 1933; *Milo P.* Politika e Jashtme... P. 825-826; *Duka V.* Histori e Shqipërisë 1912-2000. Tiranë, 2007. P. 89-190.

⁷⁹ *Duka V.* Histori... P. 190; *Fischer B.* Mbreti... P. 230.

⁸⁰ Fischer B. Mbreti... P. 228.

⁸¹ Pisha A., Vorpsi B., Hoxhaj N. Bank of Albania, P. 359. Българска народна банка. URL: https://bit.ly/3NUL05q; Luku E. Diplomacia... P. 243.

Italians managed to deconceive that plan. They even increased the pressure on Belgrade not to exert pressure on Tirana to join the Balkan Entente⁸². For the construction of the plans of Italy, the attitude of the two Great Powers, Great Britain and France, which in order to avoid an Italian-German rapprochement, demanded from Belgrade to disregard the requests of Albania in the ticket plan and in its request for membership in the Balkan Pact⁸³.

CONCLUSIONS

This paper draws the conclusion that the Italian-Yugoslav rivalry for dominance in Albania during the years 1929-1934 took place in extremely complicated circumstances within and beyond the Balkan region. In this period, Albanian-Italian and Albanian-Yugoslav relations developed not only depending on Italian-Yugoslav relations, but also depending on specific issues between the parties. Thus, in the years 1929-1934, the causes of the Italian-Yugoslav rivalry for political and economic dominance in Albania were: geographical proximity to Albania; the fragility of the Albanian state and the possibility of political and economic influence; geopolitical interests; economic development as a result of the expansion of the market, etc., while the consequences of this rivalry for Albania included: the inability to establish stable and reciprocal relations; the continuous pressure placed upon the Albanian side whenever an agreement was reached with the other side; the lack of economic development as a result of the dominance of the Italian and Yugoslav economies, which exported their products to Albania, but did not import Albanian products in large quantities, etc.

In addition to being economically far stronger, Italy was also politically far superior to the Kingdom of Yugoslavia. However, Belgrade used the moments of crisis in Albanian-Italian relations to align with Tirana, where as a result several agreements were reached between the two countries. Regardless of this fact, Italy triumphed in relation to the Kingdom of Yugoslavia, because the Albanian state was completely dependent on the support of official Rome. In contrast to Serbia and other countries of the former Kingdom of Yugoslavia, which have a very limited influence on Albanian politics, economy and culture, even 90 years later, Italy continues to have tremendous influence in Albania. In spite of their efforts, these countries continue to have little influence on Albanian politics, economy, and culture.

Note: some of the findings of the article are part of the doctoral results of the article's author, prof. assoc. Dr. Mentor Hasani.

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⁸² Hoti I. Qëndrimi i diplomacisë italiane ndaj Shqipërisë... P. 72-74; Milo P. Politika e Jashtme... P. 819-820

⁸³ Arifi-Bakalli E. Drejt eliminimit të faktorit shqiptar... P. 51.

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Надійшла до редакції / Received: 15.09.2023

Схвалено до друку / Accepted: 01.12.2023