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Reciprocal Relationship between Politics and Economics: The Renewal of the 1926 Treaty of Tirana

The Treaty of Friendship and Mutual Co-operation signed by Italy and Albania at Tirana on November 27, 1926, marked Italy's first decisive step towards fulfilling an old foreign policy ambition: political control over Albania.

Ever since unification in 1870, one of Italy's basic goals had been to enhance its own international prestige and join the circle of what were regarded as the great powers of the time¹. But since there was, objectively, no scope for it to extend its influence into western Europe, Italy was compelled to set its sights in a different direction, namely on south-eastern Europe, in which it had anyway long cherished an interest. Initial attempts were assisted by the outbreak of the First World War and the unmistakable power vacuum created in the region after its end: the Habsburgs' empire had broken up, Germany had been enfeebled by demilitarisation, Russia was in diplomatic isolation, and Britain was steering clear of any intervention, being mainly anxious to maintain the status quo and hold on to its own interests in the region. So there was plenty of room for Italy to strengthen its influence and take over from

1. For the general directions of Italian foreign policy see C. J. Lowe - F. Marzari, Italian Foreign Policy 1870-1940, London - Boston 1975; La politica estera italiana dal 1914 al 1943, Torino 1963; M. Currey, Italian Foreign Policy 1918-1932, London 1932. Especially for the foreign policy during the fascist period see G. Zamboni, Mussolinis Expansionpolitik auf dem Balkan, Hamburg 1970; G. Carocci, La politica estera dell'Italia fascista (1925-1928), Bari 1969; En. Di Nolfo, Mussolini e la politica estera italiana 1919-1933, Padova 1960; G. Salvemini, Mussolini Diplomatico 1922-1932, Bari 1952; M. Missiroli, La politica estera di Mussolini. Dalla Marcia su Roma al Convegno di Monaco 1922-1938, Milano 1939. For a critical review of Mussolini's foreign policy see G. Rumi, L'imperialismo fascista, Milano 1974; G. Perticone, La politica italiana dal primo al secondo dopoguerra. Saggio storico-politico, Milano 1965; M. Donosti, Mussolini e l'Europa. La politica estera fascista, Roma 1945. France².

Furthermore, a shift eastwards, specifically to the east coast of the Adriatic, was vital not only for the expansion of the Italian state's political or economic influence, but also for its very subsistence and security: the Albanian ports, particularly Vlorë, held the key to the Strait of Otranto and guaranteed control of the Adriatic³. If a hostile country managed to get a foothold in the area, it would seriously jeopardise Italy's territorial integrity and pose an insuperable obstacle to the consolidation of Italian political influence in the east⁴.

As long as the Balkan peninsula was under Ottoman rule, Italy did not seem to be particularly worried. But once the collapse of the Empire was manifestly imminent, Italian policy was obliged to swing into action, because no foreign power, least of all Yugoslavia or Greece, could be permitted to get a foothold on the east Adriatic coast⁵. Italy's determined support of a great Albanian state after the Balkan Wars⁶ and its military operations during the First World War (which were chiefly aimed at occupying Albanian territory, particularly the island of Sazan and Vlorë harbour)⁷ must also be regarded in the same light, as must the

2. N. La Marca, Italia e Balcani fra le due guerre. Saggio di una ricerca sui tentativi italiani di espansione economica nel Sud Est europeo fra le due guerre, Roma 1979, pp. 11-13; also A. Cassels, Mussolini's Early Diplomacy, Princeton 1970, p. viii.

3. It is most illustrative that Dino Grandi, the Italian Foreign Minister, called Vlorë "the Gibraltar of the Adriatic". D. Grandi, *Il mio paese. Ricordi autobiografici*, Bologna 1985, p. 309.

4. An. Torre, "Il nuovo spirito della politica estera fascista", in *La civiltà fascista*, Torino 1928, pp. 223-240.

5. J. B. Fischer, "Italian Policy in Albania 1894-1943", Balkan Studies, 26/1 (1985), 101-112. Especially for the Italian interest towards the east Adriatic coasts and the Italian-Austrian rivalry see El. I. Nikolaïdou, Ξένες προπαγάνδες και εθνική αλβανική κίνηση στις μητροπολιτικές επαρχίες Δυρραχίου και Βελεγράδων κατά τα τέλη του 19ου και τις αρχές του 20ού αιώνα [Foreign propagandas and the Albanian national movement in the metropolitan districts of Durrës and Belegrada during the end of 19th and the beginning of 20th century], Ioannina 1978; A. G. Kartalis, H ιταλική πολιτική εν Aλβανία και τοιςBaλκανίοις [The Italian policy in Albania and the Balkans], Athens 1914. For the Italianefforts to prevent Greece from taking control over the Corfu strait see B. Kondis, Greeceand Albania 1908-1914, Thessaloniki 1976; St. Skendi, The Albanian National Awakening1878-1912, Princeton 1967.

6. For the Italian activities during the Balkan Wars see B. Kondis, *op.cit.*, and An. Torre, "Italia e Albania durante le guerre balcaniche (1912-1913)", *Rivista d'Albania*, 2 (luglio 1940), 174-183, 3 (settembre 1940), 223-233 and 4 (dicembre 1940), 363-383.

7. For the Italian military operations during the First World War see B. Kondis, "The

varying degrees of pressure it applied to the other European powers to acknowledge the particular importance of the Albanian state to the security of Italy⁸.

Having achieved its first aim —to prevent any other Balkan power from gaining an outlet to the Adriatic— Italian policy turned to the second aim, to shackle the independent Albanian state economically and politically to Italy. Economic infiltration was facilitated by the fledgling state's own situation: economic aid from abroad was vital to its very survival and Italy seemed to be the only country that was both capable of, and interested in, keeping it alive⁹.

As far as political infiltration was concerned, all efforts were fully vindicated by the Treaty of Friendship signed in 1926. Apart from being the crowning-point of protracted endeavours, the Treaty also marked the dawn of a new era in Italian-Albanian relations, for it not only offered the necessary political cover for the economic agreements that had gone before, but also removed all obstacles to much broader Italian involvement in Albania's domestic affairs¹⁰. Article 1, which was the most important in this regard, stated that "Italy and Albania agree that any disturbance threatening the *political, legal,* or *territorial* status quo in Albania is contrary to their joint political interests", while Article 2 added that "in order to safeguard the above-mentioned interests, both contracting parties undertake to furnish mutual support and cordial co-

Northern Epirus Question during the First World War", *Balkan Studies*, 30/2 (1989), 333-349; *Le truppe italiane in Albania (anni 1914-20 e 1939)*, Stato Maggiore dell'Esercito, Roma 1978; P. Pastorelli, *L'Albania nella politica estera italiana 1914-1920*, Napoli 1970.

8. In fact, the European powers, Great Britain, France, Italy, and Japan, had acknowledged, by the Declaration of November 9, 1921, that "l'indépendance de l'Albanie, ainsi que l'integrité et l'inaliénabilité de ses frontières, telles qu'elles ont été fixées par leur decision en date 9 novembre 1921, est une question d'importance internationale; reconaissent que la violation des dites frontières, ou de l'indépendance de l'Albanie, pourrait constituer une menace pour la sécurité stratégique de l'Italie". So they decided that "la restauration des frontières territoriales de l'Albanie soit confiée à l'Italie". B. P. Papadakis, *Histoire diplomatique de la question nord-epirote 1912-1957*, Athènes 1958, p. 80.

9. An. Roselli, Italia e Albania: relazioni finanziarie nel ventennio fascista, Bologna 1986, pp. 50-57. For the economic situation of the Albanian state and the Italian interest see also II. Fishta - M. Doci, L'ingérence de l'impérialisme italien dans les finances de l'Albanie (1925-1939), Tirana 1968.

10. P. Pastorelli, Italia e Albania, 1924-1927. Origini diplomatiche del Trattato di Tirana del 22 novembre 1927, Firenze 1967, p. 363. operation"¹¹. In other words, it was not so much a mutual co-operation agreement as a guarantee by Italy to maintain its smaller neighbour's territorial and, above all, political status quo —which is to say the personal status of King Zog. The vague and general terms in which the first two articles were couched made it possible for Italy to intervene whenever it considered that "disturbances" (whether internal or external was unspecified) might be jeopardising the existing situation in Albania and, by extension, Italian interests¹². They also, of course, made it possible for Zog himself to call upon Italy's assistance whenever some domestic insurrection —no rare event in Albania in the 1920s— threatened to topple him from power¹³.

Given the importance of the 1926 Treaty for Italy's policy, it was only to be expected that Italian diplomacy would do everything possible to ensure that it was renewed, even before it officially expired in November 1931¹⁴.

Apart from these general considerations, there were other, more specific, reasons why the Italians were anxious for the Treaty to be renewed. To begin with, Mussolini himself attached exceptional importance to it: he needed to be able to present a political text to those on the interior front who openly disagreed with the strategy he was following in Albania, as proof of the fact that Italy's open-handed generosity in terms of economic aid and material and technical assistance meant that Albania would servilely follow Italian policy in all sectors¹⁵. With regard to foreign affairs, too, the non-renewal of the Treaty would be a grave blow to Italy's international prestige (which Mussolini was at such pains to enhance) and would provoke an extremely unfavourable backlash, particularly in view of the fact that a mere five years earlier

11. For the 1926 Treaty of Tirana see P. Pastorelli, *op.cit.*, pp. 361-362. See also Royal Institute of International Affairs, *Survey of International Affairs*, by Ar. J. Toynbee, London 1929, vol. 1927, pp. 169-171.

12. En. Di Nolfo, Mussolini e la politica estera, p. 190.

13. J. Burgwyn, Il revisionismo fascista. La sfida di Mussolini alle grandi potenze nei Balcani e sul Danubio 1925-1933, Milano 1979, p. 118.

14. According to Article 4, the agreement was of five years' duration and could be renewed or denounced up to a year before it expired. P. Pastorelli, *Italia e Albania*, 1924-1927, pp. 361-362.

15. J. B. Fischer, King Zog and the Struggle for Stability in Albania, New York 1984, p. 204.

both sides had been trumpeting it as an event of historic weight, a decisive step towards co-operation between the two countries and the consolidation of peace in south-eastern Europe. Given that the other Balkan states were closing ranks and preparing to sign a joint Balkan agreement, it was a diplomatic imperative for Italy to preserve its Albanian bastion.

Mussolini also regarded control of Albania as something more than a guarantee of Italy's security in the Adriatic: it was also a means of striking a blow at Yugoslavia and, through Yugoslavia, at the French presence in the region, which seemed as though it might stand in the way of his expansionist plans. With this underlying aspiration, the leaders of the military mission to Albania were constantly pressing for the Italian presence in the country to be strengthened and Albania itself to be turned into the military base that would be vital for a future operation against Yugoslavia¹⁶.

Another reason why the Italians laid such great importance on the Treaty's remaining in force was the internal situation in Albania. As we have seen, Article 1 offered a guarantee for Zog's continuing power, and he thus represented the strongest support for, and the most effective means of, bringing the country under Italian control. It was precisely on this point that the Treaty of Friendship and Mutual Co-operation of 1926 and the Italo-Albanian Alliance of 1927 differed: the latter was founded on reciprocal support and prescribed that either country should provide military and economic support if the other were attacked by *a third power*¹⁷. There was no mention of military involvement in the event of internal unrest, much less of any guarantee of the status quo. In other words, the 1927 Alliance provided no scope for Italian intervention in Albania's domestic affairs¹⁸. This was why the Italian government regarded the two agreements as complementary, neither of them capable of replacing the other.

16. D. Grandi, Il mio paese, p. 308.

17. Of course, it is a mere formality to speak of reciprocity with regard to the two parties' obligations, given the geographical size of Italy and of Albania and the extent of the economic or military aid each could offer the other. Essentially, this was a guarantee on Italy's part to give Albania economic and military support in the event (and this is the most important point) of its suffering an unprovoked attack by a third power.

18. J. Burgwyn, Il revisionismo fascista, p. 130.

The subject of renewing the Treaty seems to have been broached as early as September 1930, by Soragna. At the time, Zog did not appear to be against such an eventuality, as long as Mussolini were also in favour, of course¹⁹. Naturally enough, Mussolini not only wanted the Treaty to be renewed, but felt that if it were not, the impression would be given that Italy no longer felt the same concern for Albania's economic development, political stability, and prosperity. He therefore instructed his Foreign Minister that the relevant negotiations should be conducted on the basis of reassurances of continuing Italian interest and that the King should be allowed no opportunity to represent, as he was wont to do, the signing of the renewal as a reluctant submission to Italian pressure. He even asked General Pariani, who had a close personal relationship with Zog, to use all his influence to ensure that the goal was attained²⁰.

It seems, however, that Zog was not entirely sincere in his initial assurances to the Italian Ambassador, being desirous of playing for time and avoiding any immediate commitment, while reassuring the Italian diplomats of his intentions. This became apparent only a few weeks later, when official talks began between the two sides about granting economic aid to Albania to help the country to cope with its dire economic situation²¹. When Soragna repeated the Italian request that the Treaty be renewed, Zog was more circumspect. He avoided an outright refusal, certainly, but stressed that the two issues should on no account be linked, for this would make an unfavourable impression on public opinion with regard both to himself and to Italian policy²².

19. I Documenti Diplomatici Italiani (hence referred to as DDI), Settima Serie, vol. 10, no. 297, Soragna to Grandi, Tirana 29.5.1931, p. 464.

20. DDI, Settima Serie, vol. 9, no. 409, Grandi to Soragna, Roma 26.11.1930, p. 588.

21. For the granting of economic aid to Albania and the relevant negotiations see El. Manta, "The Economic Recession in Albania and Italian Infiltration: The Loan of 1931", *Balkan Studies*, 36/2 (1995), 265-296; also Il. Fishta, "Marrëveshja e vitit 1931 për huanë prej 100 milionë fr. ar ndërmjet qeverisë së Zogut dhe qeverisë italiane dhe karakteri i saj skllavërues për Shqipërinë" [The 1931 negotiations for the loan of 100 million gold francs between Zog and Italian government and its enslaving character for Albania], *Probleme Ekonomike*, 3 (1976), 76-98.

22. Il. Fishta, Ndërhyrja e kapitalit të huaj dhe pasojat e saj skllavëruese për Shqipërinë (1931-1936) [The infiltration of foreign capital and its enslaving consequences upon Albania (1931-1936)], Tirana 1989, pp. 42-43.

The Italians apparently agreed with this latter point, both because a direct link did not seem to be in Italy's interests and because the talks had only just begun and no-one could tell where they would end²³. But at all events, the coincidence of the two issues made for a conjunction of circumstances which was favourable to the Italians and which they could deftly exploit in such a way as to ensure that both worked out to their advantage. After all, as Grandi himself pointed out, the Italians could hardly fail to capitalise on the power they derived from the fact that Zog was asking Italy to make an enormous economic sacrifice precisely so that his country's domestic political situation could remain unchanged, just as the 1926 Treaty prescribed. As far as the Italians were concerned, a loan was definitely the most effective means of applying pressure to ensure the success of the negotiations regarding the renewal of the Treaty, and it would be absurd to let it drop just when its favourable measures were being exploited and the obligations it entailed were being met²⁴.

All the same, the discussions about the renewal of the Treaty do not seem to have progressed very far by the end of January 1931, when Zog had to leave for Vienna²⁵. Soragna, certainly, missed no opportunity to bring up both subjects whenever he met the King and to point out how important a favourable settlement of both would be for maintaining the warm relations between the two countries, without either formally depending on the other. But Zog always managed to wriggle out of any definite commitment, expressing his doubts about the usefulness of renewing the Treaty, as also the effect it might have on public opinion²⁶. He asserted that a renewal would confirm the Albanian people's impression that the government was politically and economically dependent on its more powerful neighbour and that it was obliged to make political concessions in exchange for considerable economic aid. Thus, not only

23. DDI, Settima Serie, vol. 10, no. 74, Grandi to Soragna, Rome 18.2.1931, p. 126.

25. Zog suffered from chronic ill health and at the end of 1930 his condition worsened perceptibly, so two Austrian specialists were invited to examine him. They advised the King to go to Vienna, there to undergo a series of further examinations and X-rays, which could not be done in Tirana. So early in 1931 Zog decided to make the trip. J. B. Fischer, *King Zog and the Struggle*, pp. 177-180.

26. DDI, Settima Serie, vol. 10, no. 195, Soragna to Grandi, Tirana 11.4.1931, p. 299.

^{24.} DDI, ibid.

would the people lose faith in their King, but their smouldering resentment of the Italians would increase. Besides, he averred, the 1926 Treaty was no longer really necessary, since the two countries' relations were governed by the terms of the 1927 Alliance, which both carried greater force and was of longer duration²⁷.

Zog's trip and what happened in Vienna were decisive and marked a major turning-point in the progress of the talks²⁸. The most important points to bear in mind are the weakening of the King's negotiating position with Italy after he had fully supported the Italians' assertions that Yugoslavia had been involved in the attempt on his life; his poor state of health, at least in the early part of his visit; and the insecurity and displeasure caused him by the Italian diplomats' and officials' contacts with his political opponents during his absence. As far as this latter point was concerned, Grandi believed that Zog's psychological state ought to be exploited to the utmost, because it would now be difficult for him to refuse to renew the very agreement that safeguarded his personal authority within his own country. Consequently all that the Italians needed to do was to present the renewal as a favour to the King, a token of their full support of his person against all those who had tried to challenge his authority while he was abroad²⁹. For Zog himself, on the other hand, the renewal of the Treaty was by now the most effective, if not the only, means of exerting pressure to ensure the provision of the economic aid -the relevant discussions were still going on- and he therefore intended to make the most expedient use of it.

On Zog's return from Vienna at the end of March, and until the end of May 1931, the negotiations entered a new, more heated stage, and the two unresolved issues were now directly dependent one on the other. The Italian Foreign Minister regarded the renewal of the Treaty as a prerequisite for the economic agreement. He agreed, certainly, that it was not in the interests of either side that the two issues were so closely

27. DDI, Settima Serie, vol. 10, no. 297, Soragna to Grandi, Tirana 29.5.1931, pp. 467-468.

28. For the details of the trip, the assassination attempt, and the political background to the whole incident, see J. B. Fischer, *op.cit.*, pp. 177-195. For the effects of the attempt on Italo-Albanian relations and on the course of the negotiations for the loan, see El. Manta, "The Economic Recession in Albania".

29. DDI, Settima Serie, vol. 10, no. 74, Grandi to Soragna, Rome 18.2.1931, p. 126.

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connected, as far as the effect on public opinion was concerned; but he blamed the Albanian government for this, since it had delayed, and was still delaying, its decision about the renewal, which could have taken place as early as November 1930, as was laid down, after all, in the Treaty itself. Consequently, if the Albanian government did not want the two issues to be linked, it had only to renew the Treaty as quickly as possible, to leave enough time before the negotiations were concluded and the loan finally contracted to dispel any suspicions about Albania's complete subservience to Italy's political diktats. The only alternative, if the Albanian government did not want the renewal to precede the loan agreement, was to settle both issues simultaneously, with all the unfortunate consequences that this would entail. There was no question of granting economic aid before the Treaty was renewed, because the renewal would then be a lost cause³⁰.

Zog, for his part, continued to drag his feet, still meeting the strong Italian pressure with the same evasive argument: he could not accept the linking of the two issues. Although, as far as the economic negotiations were concerned, he seemed prepared to make major concessions to secure the coveted aid, he was quite unyielding on the question of the renewal, obstinately refusing to see the point of it³¹.

In the circumstances, then, and since the Albanians showed not the slightest inclination to change their tactics, the crisis was not long in coming. When he met Zog on May 24, 1931, Soragna firmly brought up the question of linking the two issues; for the umpteenth time, Zog started to explain why he was reluctant to proceed with the renewal just at that moment; at which point Soragna broke in and sharply demanded that he commit himself, without further prevarication, to renewing the Treaty in the immediate future. The pledge was not forthcoming: on the contrary, Zog resorted to vague suggestions for new political agreements between the two countries that would undoubtedly please Musso-lini. In the face of this tenacity, Soragna told Zog that he would have to

30. DDI, Settima Serie, vol. 10, no. 266, Grandi to Soragna, Rome 14.5.1931, p. 402.

31. The Ambassador believed that Zog's adamant refusal to renew the 1926 Treaty just at that moment was partly based on the advice of the other Ambassadors in Tirana, chiefly Baron Degrand of France and Nastassievitch of Yugoslavia, who were anxious to limit Italian influence in Albania. DDI, Settima Serie, vol. 10, no. 316, Soragna to Grandi, Tirana 5.6.1931, p. 499 and no. 297, Soragna to Grandi, Tirana 29.5.1931, Attached, p. 468. postpone further discussion of the economic agreement. At this (as the Ambassador himself later reported³²), the King, without missing a beat, replied calmly that in that case he would have to make drastic cuts in national spending, including, of course, military expenditures³³. In other words, Zog was wielding his most effective weapon, the threat of reducing the strength of the Albanian army, a threat he had already used on previous occasions to get his own way.

This development naturally led to a certain chilliness between the two men. Soragna felt that the King's tactics were mere casuistry, a game that would ultimately enable him to avoid a definite commitment or at least postpone the question of the renewal to a more opportune time —a time, moreover, when the circumstances would be less favourable to the Italian side. And no-one, needless to say, could give the Italians any guarantee of what Zog's final decision would be³⁴.

The next day, May 25, realising that he had little room left for manœuvre and that the situation really was critical, the King met Pariani in the hope of better things. The same exchanges took place as on the previous day, only Zog was more straightforward with Pariani: he intended, he said, to visit Mussolini in Rome the following September and would decide with him about renewing the 1926 Treaty and entering into any further political agreements that would strengthen the friendly relations between their two countries. He repeated his threat of drastically reducing state spending if Italy finally decided against the economic agreement, and specified that he was prepared to make cut-backs of the order of four million francs, of which two million would come from military expenditures³⁵.

Zog's threat certainly alarmed Pariani, who lost no time in telling the War Minister in Rome about the new developments. His report is particularly revealing about Italy's political priorities in Albania and seems to have decisively influenced Mussolini's ultimate decision. Unlike Soragna, the General was convinced that Zog would in fact renew the 1926 Treaty, and certainly before it expired. Albania's overriding con-

^{32.} This is one of the few occasions on which Soragna conceded that Zog behaved like a true diplomat.

^{33.} DDI, Settima Serie, vol. 10, no. 297, Soragna to Grandi, Tirana 29.5.1931, p. 465. 34. DDI, *ibid.*, p. 466.

^{35.} DDI, ibid., Attached, pp. 467-468.

cern at the moment was to find enough money to get through the crisis, and if Italy did not provide it, there was a risk that it would be sought from some other, albeit less generous, source. The Italian government ought therefore to decide: if it was interested in immediately boosting the effectiveness of the Albanian army and making it combat-ready by 1933, as originally planned, it should proceed without delay to give economic aid to its small neighbour; if, on the other hand, the time factor was not of immediate concern and Italy preferred to await the outcome of the political negotiations before deciding to make the loan, then it could maintain its hardline stance. In that case, however, Italy ought to revise its whole defence programme regarding Albania, which would, of course, make his own presence there unnecessary³⁶.

The difference of opinion between Soragna and Pariani was nothing new, and the question of the renewal or non-renewal of the 1926 Treaty was merely a pretext for its manifestation. The disagreement reflected the long-standing conflict between the diplomats and the military with regard to the basic aims of Italy's Albanian policy and the tactics that should be employed to achieve them³⁷. Soragna, Grandi, and Lojacono (the latter being in charge of Albanian affairs in the Foreign Ministry) thought it a mistake to spend a large proportion of Italian money on Albania's military organisation: firstly, because the creation by Pariani and his colleagues of an organised, disciplined, patriotic army (all entirely new concepts to the Albanians) might at some point prove detrimental to the Italians themselves; and secondly, because they believed it minimised the possibilities of productive investment and of improving the current economic situation in Albania, which would also change the Albanian people's attitude towards the Italian presence in their country³⁸. Italy would also be ill-advised to yield to the Albanian threat to

- 36. DDI, ibid.
- 37. D. Grandi, Il mio paese, pp. 312-314.

38. Most significant is what Soragna told to the American Ambassador Herman Bemstein according to the existing conflict between the diplomats and the military: "I personally am in favor of changing our policy in Albania. I believe it is a mistaken policy. The differences between me and Pariani are the differences between the policy of our military and the pacific policy of our foreign office. It is quite natural that our War Department and those who share its military views should insist upon our military organization here. That is what Pariani is here for. Grandi is for the pacific policy which I represent here. I don't believe there is any disagreement between Mussolini and Grandi on this question, but the military go to the reduce military expenditures, for it was now a well-worn tactic, resorted to whenever Italy exerted pressure, and therefore ought not to be taken seriously³⁹.

Despite his disagreement with Pariani and his opposition to the content of the latter's letter to the War Ministry, Soragna fully realised that if he himself were not to jeopardise all that had been accomplished so far he should take steps to mend fences with the King. In this respect, the intercession of Libohova and Sereggi was very useful, for they paved the way for a meeting between the two men early in June. This time, both sides were more conciliatory and disposed to find a way round the obstacles that had arisen. Soragna hastened to tell Zog that he should not

head of our Government direct and lay the situation before him. They tell him that a war may break out in a year or two. They say that they will not be responsible for what may happen to Italy if they are not permitted to go through with their plans for the country's defense in time of war. Albania comes within the scope of our military policy. Our War Department tells Mussolini that we must have our organization here, that we must be prepared, that the Yugoslavs could reach Durazzo in three days. Naturally he agrees to the military plan. What we need in the Balkans is not a military organization but open markets. That is my view of the problem. Pariani's view naturally differs from mine". National Archives, Department of State, Washington (hence referred to as NADS), 875.51/108, Bernstein to Stimson, Tirana 15.1.1932.

39. DDI, Settima Serie, vol. 10, no. 297, Soragna to Grandi, Tirana 29.5.1931, pp. 466-467, and vol. 11, no 34, Lojacono to Grandi, Rome September 1931, pp. 54-58. This is a very interesting report, particularly as regards the different tactical approaches of the diplomats and Pariani. According to Lojacono, there were three possibilities available to Italian policy in Albania: i) immediate occupation; ii) more or less intensive infiltration; iii) longterm support for Albanian independence. Italian policy had been based hitherto on the second approach, which offered the best returns for the least risk and in the long term was chiefly calculated to exclude third powers from the country. But since it was also the intermediate solution, it posed the question of whether this policy of infiltration should aspire in the long term to a possible occupation of Albania or to creating suitable conditions for the Albanian people's genuine independence and freedom. According to Lojacono, Pariani had resolved the problem for himself by opting for the latter solution, which was why he was working to build up a strong national army and to strengthen feelings of patriotism and national pride in the youth in particular. By contrast, the Foreign Ministry was aiming for an increasingly strong presence in the country, at the economic no less than the political and the administrative level; a presence that would render the Albanian administration increasingly ineffectual and, naturally, incapable of addressing any problems that might transpire, until the need arose for massive Italian help, rather than the piecemeal assistance Italy was giving now. So a regeneration of the Albanian people, Lojacono thought, was a far from attractive proposition for Italian policy; on the contrary, they would serve it much better as they were, corrupt, apathetic, and fragmented. In which case, Pariani's strategy was moving in a dangerous direction.

regard the renewal as a kind of quid pro quo for the loan. It was just that, since the two issues had arisen simultaneously, they inevitably became connected in people's minds: coming at a time when the Italian government and Mussolini personally had undertaken to give Albania such generous assistance, the King's refusal to accede to the Duce's clearly expressed wish that the Treaty be renewed could only be perceived as a blow to Italy's friendly sentiments. The change in the Italian approach was met with a commensurate response from Zog: he assured Soragna that, although he had maintained in the past that there was no longer any point in renewing the Treaty, he was now prepared to concede the point because he did not wish to displease the Duce. He simply wanted to discuss it with him personally in Rome the following September, so that a solution could be found, on Zog's own initiative, *in accordance with Italy's wishes*, without further discussion or delay⁴⁰.

It was the first time that Zog had committed himself to resolving the question of the renewal in accordance with Mussolini's wishes, and Soragna now felt that it was a matter of Italian dignity not to press him any further, but to show confidence in his promise. He wrote to the Italian Foreign Ministry:

"You know that I am no warm supporter of King Zog: the trouble and nuisance he has caused me, particularly of late, have taxed my patience almost beyond endurance. Nonetheless, this is the beast we have harnessed to draw the cart of our Albanian policy; and if we do not want it or do not consider it necessary or cannot rid ourselves of it, for the time being at least, we must accustom ourselves to alternating the fist and the sugar-lump, tolerate whims, and occasionally shut our eyes and trust it"⁴¹.

The Ambassador's advice, together with the earlier report and the urging and threats of Pariani, not to mention the idiosyncratic temperament of Mussolini, who did not want to play the waiting game, finally

41. DDI, ibid., p. 499.

^{40.} DDI, Settima Serie, vol. 10, no. 316, Soragna to Grandi, Tirana 5.6.1931, pp. 497-498.

bore fruit. On June 13, Grandi telegraphed to Soragna Mussolini's decision to proceed with the negotiations for the loan, since the King had given his word that he would renew the 1926 Treaty before it expired. However, the Ambassador was to make it clear to Zog that the renewal concerned the Treaty as it stood, without modifications, additions, or omissions: any discussions and any new political proposals he wished to submit could be considered only after the renewal, and could on no account replace it⁴².

The Italian leader's decision to dissociate the matter of the loan from the renewal of the 1926 Treaty at last provided a way out of the impasse. Both Grandi and Soragna believed that this concession on their part would be a way of testing the King's credibility, and his ultimate decision would determine both Italian policy and, above all, Italy's attitude towards him personally in the future⁴³.

For the time being, at any rate, Zog seemed particularly satisfied with the way things were going and asked Soragna to convey to Mussolini his cordial thanks for so generously granting his desire to avoid any correlation of the two issues⁴⁴. The way was thus clear for Italy to make the loan to Albania and the first round of talks regarding the renewal of the 1926 Treaty ended. Italy finished up with no more than promises that its wishes would be satisfied at some future date; while Zog gained some extra time and a chance to address the issue when the circumstances would be more favourable to himself.

Act Two was played out in November of that year, by which time the deadline for the renewal of the Treaty was imminent⁴⁵. But once

42. DDI, Settima Serie, vol. 10, no. 331, Grandi to Soragna, Rome 13.6.1931, pp. 528-529. Grandi believed the King's suggestion of new, broader political accords was merely a ploy to circumvent the renewal, and that once it had been signed all these notions would disappear.

43. DDI, ibid.

44. DDI, Settima Serie, vol. 10, no. 343, Soragna to Grandi, Tirana 20.6.1931, p. 544.

45. There is no evidence that the subject was discussed in the meanwhile. It seems that Italian policy was preoccupied with the special committee's deliberations over how to administer the first instalment of the loan, for considerable disagreement had arisen between the Italian and Albanian members, rendering the committee's task exceptionally difficult. The Italians were probably relying on Zog's promise, and were convinced right up to the last moment that the Treaty would be renewed without further delay. Soragna himself, for that matter, had left for Rome and did not return until the end of October. Archivio Storico del Ministero degli Affari Esteri, Rome (hence referred to as ASMAE), Albania 1934, b. 38, f. 1,

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more, nothing seemed to have changed in the stance of either side: although the Italian pressure grew stronger as the expiry date approached, Zog continued to drag his feet, seemingly impervious to the tension. To the Ambassador's insistence that he ought to keep the promise he had made only a few months before and that failure to do so would be a real personal insult to the Duce and a betrayal of the confidence he had placed in him, the King responded with the familiar excuses about unfavourable public opinion. However, he did declare himself willing, to avoid offending the Duce, to renew the 1926 Treaty on condition that it was made bilateral, rather than unilateral⁴⁶. Specifically, he wanted Article 1 modified in such a way as to dispel the impression it gave that Albania was an Italian protectorate⁴⁷. This, needless to say, was a change that Italian diplomacy could never accept, because the whole philosophy of its policy in Albania rested on this article.

Mussolini himself telegraphed his Ambassador in Tirana expressing his categorical opposition to any suggestion of changing the Treaty, and demanding in strong terms that Zog keep his promise without further prevarication⁴⁸. But still the King would not change his mind⁴⁹. What made him so intransigent, Soragna thought, was a conviction that he was so vital to the success of Mussolini's policy in the Balkans that the Duce would change his tactics towards him, and that the Italians were bound to keep on sending money to keep the three Albanian divisions combatready⁵⁰—which was not, in fact, very far from the truth.

sf. Minute da conservarsi, Relazione al Sottosegretario di Stato, Rome 5.7.1931.

46. DDI, Settima Serie, vol. 11, no. 74, Soragna to Grandi, Tirana 18.11.1931, pp. 127-128.

47. Article 1 originally read: "L'Italia e l'Albania riconoscono che qualsiasi perturbazione diretta contro lo 'statu quo' politico, giuridico e territoriale dell'*Albania* è contraria al loro reciproco interesse politico". Zog proposed three possible modifications: i) the addition of the word *Italia* after *Albania*; which would render the Treaty genuinely bilateral; ii) the replacement of *Albania* with *Adriatico*; or iii) the replacement of *Albania* with *Balcani*. DD1, Settima Serie, vol. 11, no. 85, Gazzera to Mussolini, Rome 26.11.1931, Attached, pp. 145-147.

48. DDI, Settima Serie, vol. 11, no. 78, Mussolini to Soragna, Rome 20.11.1931, p. 137.

49. ASMAE, Albania 1931, b. 1, f. 1, no. 3778/184, Soragna to Foreign Ministry, Tirana 23.11.1931.

50. ASMAE, *ibid.*, and DDI, Settima Serie, vol. 11, no. 74, Soragna to Grandi, Tirana 18.11.1931, pp. 127-128. The British Ambassador in Tirana, Sir Robert Hodgson, also

Mussolini gave orders that Italian diplomacy should summon all available means of applying pressure, direct and indirect, to bend the Albanians' intransigence⁵¹. Pariani undertook to make it clear to Zog that he could no longer remain in the country if he was going to break his word and betray their trust. He also assured him that if he left now, Italy would definitely revise its military policy in Albania⁵².

Soragna, for his part, contacted Abdurrahman Mati, Minister to the Court and the King's confidant, to remind him of the King's promise and to point out that if that promise were broken there would inevitably be repercussions, chiefly in the economic sphere. In the first place, he could expect the supply of Italian money connected with the recent loan to cease⁵³. Secondly, again on Mussolini's orders, a SVEA delegate had already arrived in Tirana to demand the payments for the loan of 1925, which had been suspended until then⁵⁴. If the state could not meet its obligations —which was more or less certain, since the necessary sum had not been included in the current year's budget and therefore could not be paid⁵⁵— then the SVEA would demand control of customs receipts; a threat which alarmed the Finance Minister, because such an

seems to have assured Zog that Italian policy would remain unchanged whatever the circumstances, thus helping him to maintain his inflexible stance. However, there is no evidence that the Ambassadors of the other European powers played any part in the whole affair. DDI, Settima Serie, vol. 11, no. 159, Pariani to Grandi, Tirana 9.1.1932, pp. 278-279.

51. DDI, Settima Serie, vol. 11, no. 81, Mussolini to Soragna, Rome 24.11.1931, p. 140.

52. DDI, Settima Serie, vol. 11, no. 83, Soragna to Mussolini, Tirana 26.11.1931, pp. 142-143.

53. DDI, Settima Serie, vol. 11, no. 81, ibid.

54. In 1925 the Albanian and Italian governments had signed an economic accord, which provided for the establishment of a National Bank of Albania almost exclusively with Italian capital and a loan of fifty million gold francs. The loan was to be paid through the SVEA (Società per lo Sviluppo Economico dell'Albania), which was created especially for the purpose. For details see P. Pastorelli, "La penetrazione italiana in Albania", *Rivista di studi politici internazionali*, 33/1 (1966), 8-60; and *Italia e Albania*, *1924-1927*, pp. 91-142; see also F. Jacomoni di San Savino, La politica dell'Italia in Albania, nelle testimonianze del Luogotenente del Re Francesco Jacomoni di San Savino, Bologna 1965, pp. 25-37, who was in charge of the negotiations. For a less detailed presentation of the 1925 economic accord see Italian Centre of Studies and Publications for International Reconciliation, *What Italy has done for Albania*, Roma 1946; and A. Roselli, *Italia e Albania: relazioni finanziarie*, pp. 63-80.

55. Archive of the Ministry for Foreign Affairs, Athens (hence referred to as AYE), 1931-1933, A/4/II, no. 17192, Kollas to Foreign Ministry, Tirana 10.12.1931.

eventuality would certainly bankrupt the Albanian state⁵⁶.

All was in vain, however, and November 27, 1931, the Treaty's expiry date, came and went without any decisions having been taken for its renewal. The strong pressure and threats of the past few days had not been enough to bring the King round.

His attitude raises a number of questions about what Zog was hoping to achieve and what was his basis for such a show of intransigence without fear of economic or other reprisals. His basic intention seems to have been to break partially free of the tightening Italian noose. Though the 1926 Treaty guaranteed the preservation of his personal status, the clearly one-sided wording of its articles was a damaging blow to his prestige both at home and in the rest of Europe, since it gave the impression of a politically and economically dependent government. And if in 1926 the difficulties caused by internal unrest had obliged him to reconcile himself to the clear limitations placed on his absolute sway, in 1931 the situation was different, so that his position was all the more galling. By 1931, Zog had managed to consolidate his position at home -albeit thanks to Italian support- and to enforce a satisfactory degree of public order and security; which undoubtedly made the Italians' guarantee of his person and his status less vital⁵⁷. The 1927 Alliance, which guaranteed him the necessary Italian military support and, on paper at least, put the two countries' relations on a mutual footing, corresponded better to his needs and wishes.

At the same time, the dissatisfaction felt across the whole of Albanian society regarding the Italian presence in their country was now making itself strongly felt, and it was further exacerbated by the economic crisis that was scourging the land. Despite the efforts of both Zog and some of the Italians to present the June economic agreement as a bid to deal with the recession and bring relief to the Albanian people, as soon as the terms became publicly known, the realisation dawned that in fact it was a matter of Albanian economic subservience to Italian interests⁵⁸. And although the reaction at home was not organised to the

57. See J. B. Fischer, "Italian Policy in Albania", p. 108.

58. For the 1931 loan, its terms and the consequences upon Albania see El. Manta, "The Economic Recession in Albania".

^{56.} DDI, Settima Serie, vol. 11, no. 83, Soragna to Mussolini, Tirana 26.11.1931, pp. 142-143.

point of endangering his position, the King could hardly ignore it for ever. The question of the renewal of the 1926 Treaty thus presented him with a unique opportunity: on the one hand, it meant that he could keep his opponents at home quiet with an action that at least ostensibly accorded with the protection of national interests⁵⁹; and on the other, insofar as it had begun to manifest itself, the reaction at home gave him a first-class excuse to refuse to renew the Treaty⁶⁰.

The Italians' error in concluding the economic agreement before securing the renewal of the 1926 Treaty ultimately enabled Zog to make the most of his opportunity. The loan of a hundred million francs gave him the money he needed to meet his military expenses —the army and the gendarmerie were among his basic sources of support— and once he had secured it, there was no further need to enter into a new political commitment that was so oppressive to himself personally. Furthermore, he must also have been quite well aware that Italy could not carry ot its threat to stop the loan instalments, firstly because the effectiveness of the Albanian army was a matter of prime concern to Italy itself, and secondly because Italy would have great difficulty in explaining both to Albanian and to international public opinion why it was cancelling a loan that had, ostensibly at least, been granted to help little Albania over its economic crisis and was in no way linked with any political commitment on the latter's part.

The King's final refusal to renew the 1926 Treaty was a severe blow not only to Italian diplomacy, but also to Mussolini personally, and even more so to his country's prestige on the international scene⁶¹. His own and Soragna's efforts and pressures over the past twelve months or so had been in vain, and the Treaty, which had been such a hot topic only five years before, and whose contribution to consolidating peace and co-operation between the Balkan countries had been so vaunted,

59. II. Fishta, Ndërhyrja e kapitalit, pp. 59-60.

60. J. B. Fischer, "Italian Policy in Albania", p. 108.

61. Illustrative of this is the following extract from an Italian Foreign Ministry report in 1934: "...Il mancato rinnovo del patto fu ad ogni modo considerato dall'Italia come un atto deliberatamente ostile tanto più in quanto fu ritenuto fino all'ultimo momento che al rinnovo si sarebbe certamente addivenuti e anche perché, sia pure come parte del nostro programma espansionistico in Albania, si era concesso nel fratempo al Governo albanese un nuovo prestito di 100 milioni di franchi oro". ASMAE, Albania 1934, b. 38, f. 1, sf. Minute da conservarsi, Relazione al Sottosegretario di Stato, Rome 5.7.1934.

was now a thing of the past.

Considering the magnitude of the failure, it is little wonder that the Italian leadership's primary concern was to forestall any unfavourable comments which might be heard in the international community and which would certainly damage its prestige even further. Accordingly, Italy's diplomatic representatives were immediately instructed to avoid any discussion of the subject; and if this were not possible, they were to play the whole affair down with the assertion that Italy in fact no longer attached so much importance to the Treaty, because the objective circumstances had changed in the intervening five years, and economic and political relations with Albania had essentially entered a stage of closer co-operation than had been foreseen by the Treaty, and as a result the Treaty was *de facto* out-dated⁶².

The reality, needless to say, was quite different, and we now know how much importance Italy attached to the renewal. In view of what has been reported above, one might reasonably have expected Italy to respond harshly to Albania's intransigence and carry out the threats it had repeatedly issued during the negotiations. After all, the Italians now had clear proof of the King's real intentions and of how far he was to be trusted in future. It should not be forgotten, moreover, that it was on these grounds —as a test, that is, of the King's credibility— that the decision had been made a few months earlier to dissociate the renewal of the Treaty from the granting of the loan; and subsequent developments had borne out the Italian diplomats' initial reservations.

Yet Italy did not in the end produce the harsh response everyone was expecting. Certainly, the long-term consequences of the crisis precipitated by the Albanian refusal were truly impressive; but in the short term, Italian diplomacy opted not to make any spectacular moves, chiefly for political reasons. The transition from threats to action would

62. DDI, Settima Serie, vol. 11, no. 88, Fani to the diplomatic representatives in Europe, Washington, and Tokio, Rome 30.11.1931, p. 152. More specifically, in order to forestall any attempt by the Balkan countries to woo Albania in their current efforts towards an inter-Balkan understanding, Italy's diplomatic representatives in Ankara, Athens, and Sofia were instructed, should the subject arise, to emphasize that the fact that the Treaty had expired on no account meant that Italy's attitude or policy towards Albania had changed. DDI, *ibid.*, note 3, Fani to the diplomatic representatives in Ankara, Athens, and Sofia, Rome 1.12.1931, pp. 152-153.

have to be slow and stealthy, so as to give the impression that nothing had changed in Italy's policy towards either the Albanian state or the King personally. After all, the economic control now assured by the loan agreement, together with daily contact with the Albanians, would bring the Italians plenty of opportunity to steer matters in the direction they desired. What was more important just at the moment was to avoid any action that might be perceived as vengeance against, or punishment of, Zog for refusing to consent to the renewal, because he would then be able to present himself as a victim of Italian imperialism and thus not only strengthen his influence at home, but also win considerable sympathy in Europe. It was more advisable for Italy to win the Albanian people over and exploit their dislike of the monarch to the advantage of Italian interests. For the time being, at any rate, Italy had to give its undivided attention to maintaining full control of the army, and any future action should be primarily directed towards this aim⁶³.

It is in this light, then, that the initially mild Italian reaction should be viewed. The first step, of course, was to halt the proceedings of the special mixed committee appointed to administer the loan, which naturally stopped the influx of Italian money and brought the country to a dreadful pass⁶⁴. All the public works that were under way in Albania were also suspended, and civil servants, chiefly in the provinces, and army officers went unpaid for some months⁶⁵.

The Albanian response to these initial Italian moves was to repeat the old threat of severe cutbacks in state spending, including spending in the military sector⁶⁶. But the Italians had learnt their lesson and were not about to make the same mistake again: instead of giving way, they decided to counterattack with a major negotiating card —the SVEA loan

63. DDI, Settima Serie, vol. 11, no. 83, Soragna to Mussolini, Tirana 26.11.1931, pp. 142-143 and no. 84, Mussolini to Soragna, Rome 26.11.1931, pp. 144-145.

64. The situation was further exacerbated by the unusually poor harvest that year: not only would it be impossible for the tithe to be paid, but extra maize had to be imported to meet the immediate needs of the population and avoid a possible famine in the country. AYE, 1931-1933, A/4/II, no. 17192, Kollas to Foreign Ministry, Tirana 10.12.1931.

65. NADS, 875.51/111, Bernstein to Stimson, Tirana 29.1.1932.

66. Zog's intention, as he took care to proclaim in public, was to reduce expenditures by a third, or in other words to keep it below 22 million francs. The biggest cuts would relate to military expenditures, and he himself was prepared to reduce Court expenses considerably. AYE, 1931-1932, A/4/II, no. 1953, Kollas to Foreign Ministry, Tirana 30.1.1932.

and the obligation of the Albanian state to pay the first instalment on it. When the Albanians asked the Italian government to intervene and secure a long-term moratorium⁶⁷, they received only oral assurances that the government would mediate to secure a brief postponement of a year at most, but it was in no circumstances prepared to commit itself to anything more⁶⁸. The Italians intended to make it quite clear that they were determined to leave Albania to stew in its own juice this time, and, rather than risk this, the Albanian government had no choice but to capitulate⁶⁹. Only then was the way opened for the loan committee to get back to work and the budget to be passed without the proposed cutbacks.

It was the first time that Italian diplomacy had not given way, or at least had not shown right from the start any intention of giving way, to the Albanian threats to reduce the armed forces, and this really was a new factor in the equilibrium between the two countries. At the same time, the committee's return to work and the temporary nature of the arrangement regarding the SVEA loan had made Italy's control of Albanian economic affairs truly stifling. The King had little or no room left for manœuvre; yet the more tightly the Italian noose closed around him, the more determined he became to resist the manifest attempt to

67. In a diplomatic note dated December 2, 1931, the Albanian government had asked the Italian administration to specify whether or not the recent loan agreement was to be suspended, whether or not military aid would continue, and whether or not Italy was prepared to intercede to secure a long-term moratorium on the repayment of the SVEA loan. AYE, 1931-1933, A/4/II, no. 1529, Kollas to Foreign Ministry, Tirana 22.1.1932.

68. Soragna, certainly, realised that this was risky, chiefly because of the unpredictable nature of the Albanians' reactions. If the King eventually decided not to compromise and went ahead with the voting of a reduced budget, then poverty, coupled with his own unpopularity, could have unforeseen repercussions for the stability of his régime. A compromise, on the other hand, would mean a total victory for the Italians, who so badly needed it just then.

69. DDI, Settima Serie, vol. 11, no. 290, Soragna to Grandi, Tirana 12.3.1932, p. 478. This development, needless to say, was advantageous to Italy in many respects. Apart from being a major victory after the failure the previous November, the temporary nature of the arrangement —a moratorium for a year and no more— enabled Italy to raise the subject of the SVEA at will, thus keeping the Albanian government under its economic and political thumb. Besides, as Mussolini himself pointed out, what was most in Italy's interest was not so much to have the loan repaid as to keep the Albanian government constantly in Italy's debt and thus to be able to impose its political will. DDI, Settima Serie, vol. 11, no. 259, Mussolini to Soragna, Rome 1.3.1932, pp. 447-448.

subjugate him completely. This might mean that he should henceforth seek leverage in other areas of interest to Italian diplomacy, since his military trump card had lost some of its effectiveness⁷⁰.

At the same time, as was only to be expected, the failure of 1931 further exacerbated the unfavourable comments that were already being heard in Italy regarding the approach that had hitherto been taken towards the Albanian state. The course of events so far had made it clear that granting immoderate economic aid to Italy's small neighbour had not brought the expected results, or rather had not been translated into an increase of political influence commensurate with the magnitude of the means offered by the government in Rome. Zog had managed to retain a considerable measure of autonomy and, by various ploys, to avoid always yielding to the Italians' demands. Without being either a passive servant of Italian policy or the leader of a fully independent government, Zog had consolidated a system of complex relations with Italy, such that he could take whatever he needed from Rome, without, however, being prepared to sacrifice his freedom of action ---or at least not beyond certain strictly defined limits that would allow him to continue asking for money in the future. The bestowal of the exorbitant sum of one hundred million francs in exchange for a mere oral commitment to resolve the issue of the renewal in accordance with Italy's wishes was simply the crowning touch to this completely wrong-headed course. On the other hand, his irresponsibility at home had deepened his unpopularity, and the Italians shared with him a great deal of the blame for this, as the main source of funding for his régime⁷¹.

^{70.} R. Morozzo della Rocca, Nazione e religione in Albania (1920-1944), Bologna 1990, pp. 152-153.

^{71.} Certainly, Italy's generosity to Albania had not conduced to an economic recovery nor to any modernisation of the state (nor, indeed, had it been intended to do so). It was Zog himself who had derived most benefit, for it had enabled him to pay his civil servants' salaries, maintain the gendarmerie, cover the expenses of the Court and the royal family, and amass no negligible fortune for himself. R. Morozzo della Rocca, *op.cit.*, p. 156.