



THE ROLE OF MONEY IN WARTIME

*Second Conference of
the Museum of the Bank of Albania*

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WELCOME ADDRESS

*Gent Sejko**

*Distinguished professors,
Dear participants,*

It gives me a great pleasure to welcome you to the Second Conference of the Museum of the Bank of Albania, via this recorded message. I wish I were present to attend in person the proceedings of the Conference, but, regrettably, due to the rather tight agenda I will not be able to. Nevertheless, I will have the possibility to read all the presentations, discussions, and input in the Conference book that will be compiled subsequent to the Conference.

As I have already emphasised, the Conference of the Museum of the Bank of Albania is one of the most prominent events, providing us with the opportunity to enrich and further the studies on the exposed collections, and serves as a platform for Albanian experts to discuss and share their research findings.

We are pleased to see that the Museum of the Bank of Albania brings for the second time together representatives from renowned research institutions, such as: the Albanian Institute of Archaeology and History, European Universities and central banks to present their studies.

** Gent Sejko, Governor of the Bank of Albania.*

As the title suggests, this Conference will address the role of money in wartime. In periods of wars and conflicts - history shows that, albeit relatively small, Albania has experienced many wars and conflicts - people have turned to the currency and precious metals. Hence, about 100 years ago, at the beginning of the World War I, Europe dived into one of the worst financial crises of the past century and many people and businesses rushed to convert their bank accounts and assets into cash and gold coins.

Meanwhile, in Albania, these events triggered a chaotic monetary circulation. In the absence of a national currency and due to the political-military and economic developments during the War, diverse foreign currencies circulated across the country, mainly those of European and neighbouring countries, as well as American and Turkish ones.

You may see this conglomerate of denominations in the showcases of the Museum dedicated to the period of Independence and the World War I. Also, the showcases on the monetary circulation in Albania during World War II, in addition to the ones of Antiquity and Medieval periods, exhibit denominations that speak of the important and complicated relationships between money and war. I am sure these important moments to the economic and monetary history of Albania, and beyond, will be discussed at length during the Conference.

Dear participants,

The Conference is not the only activity the Museum has organised about numismatics, economic, monetary and financial history. We have also organised for the general public a cycle of lectures called "Museum nights", with lectures delivered by experts in the field of numismatics, history and economy. Also, in cooperation with the Institute of Archaeology, a one-week seminar was organised on Ancient coins, attended by the students of history, archaeology and cultural heritage. This year commemorates the pan-national Year of Skanderbeg, our National Hero. The Museum has organised temporary exhibitions, displayed both inside and outside the Museum, on the figure of Skanderbeg, featured in the Albanian currency.

Financial education has been given an important focus in the work of the Museum. Throughout the year, many students and young people have been involved in educational activities and projects, actively participating during the Money Week events, attending the lectures held at the Museum, and using our educational publications and products.

The Museum will continue to work in these two aspects by supporting: i) the scientific, economic, and monetary history of the country; and ii) the financial education of the new generations, with the support and cooperation with the most distinguished actors in these fields.

As an institution that keeps and promotes an important part of the cultural heritage of the country, such as the currency, we are privileged and obliged to collaborate in order for the Museum of the Bank of Albania not to be just an exposition of the rare collections, but a place where the public may find adequate and specialised literature and expertise to learn about the economic and monetary history, and become more financially educated.

Concluding, I would like to thank all the researchers, the speakers, the audience and our collaborators, who responded positively to our call for participation. With these words, I wish you all fruitful deliberations, I wish the conference all success and I wish all the guests an enjoyable stay in Tirana.

Thank you!

OPENING REMARKS

*Elisabeta Gjoni**

*Dear guests, participants, researchers, academics,
numismatists, collectors, students,*

Welcome to the Bank of Albania!

It is a special pleasure for me to open the proceedings of the Second Conference of the Museum of the Bank of Albania on "Role of money in wartime".

The rich collection of coins and banknotes and other items exhibited in our Museum becomes more meaningful when supported by the historic background of the period of the country of issue. The organisation of this Conference, an annual one, contributes to the both the historic and educational role of the Museum. This conference is also an excellent opportunity to share experiences with representatives of the main institutions of culture in Albania and museums of central banks and other prominent foreign institutions in this field.

I am happy to see in this room both old and new collaborators, whom we wish to be "permanent consultants" of the Bank of Albania. We aim to create and cultivate a solid and productive relationship with the best experts in numismatics, museology, cultural heritage and research.

** Elisabeta Gjoni, First Deputy Governor of the Bank of Albania.*

Dear participants,

Today's presentations will address the mutual, complicated and multi-dimensional relation between money and war. Wars have had an impact on the economy and development of human kind from the birth of civilisations to modern times. Meanwhile, in the words of the Socrates, the Greek philosopher, "all wars are fought for money".

We heard some good examples that illustrate this relation in last year's Conference. We heard from Prof. Picard about King Monunius, who is known thanks to the respective coin. He had it minted for the sole purpose of raising a strong army, convinced that his power might rested with the army. From Prof. Egro, we learned that Mahmut Pashë Bushatlliu and Ali Pashë Tepelena tried to introduce their coins and banknotes, independently from the Ottoman Empire, not for financial purposes, but as a token of rebellion or an attempt to break away from the Empire. Later on, in WW1, we see the banknotes of the Republic of Korça, which are a rare phenomenon, not only in terms of numismatics, but also a materialisation of the early issues as a result of the war, after the formation of the Albanian state. During WW2, the Albanian currency underwent radical changes. On its obverse and reverse we no longer see King Zog. Instead, Victor Emanuel III is featured and the most significant change is that the Albanian franc was officially pegged to the fate of the Italian lira. We will have the opportunity to hear, during the day, other interesting and important examples in the monetary and economic history of Albania.

Dear Ladies and Gentlemen,

This Conference does not seek to analyse wars and the various factors triggering them; instead, it aims to show how the radical changes introduced by wars or conflicts on political systems and alliances, or the divisions between states have affected monetary developments. The history shows that conflict or war periods are particularly related to radical changes in monetary systems and policies.

Over the centuries, we find various examples of such developments, materialised in changes in the monetary system or introduction of temporary fiscal policies, additional quantity of money issued before the

start and during a war, massive circulation of a monetary type in areas far away from their place of origin, higher number of hoards found in a conflict zone or massive usage of the currency of allied countries. Numerous phenomena testify to the constant presence of a relationship throughout epochs, between military conflicts on the one hand and the role of money in wartime on the other.

To better reflect the relationship between conflicts or war and money, we have decided for the Conference proceedings to follow a chronological order of presentations, starting from antiquity, to middle ages and the modern history of the XX century. Our guests are distinguished professors, scholars, historians, and representatives from central bank museums who responded to our invitation to research and lecture on this topic.

The views and conclusions expressed in the presentations are of the authors and not necessarily of the respective institutions or the Bank of Albania.

Wishing success to the conference, I hope that all the participants will benefit from the interesting presentations that will be shared with the audience today.

I have now the pleasure to invite our keynote speaker, Prof. Olivier Picard, former Director of the French Archaeological School in Athens, Professor at the Sorbonne University, Member of the "Académie des Inscriptions et Belles - Lettre" (Institute of France), who will hold a presentation on "Minting of coins in Illyria in wartime".

Thank you!

MINTING OF ILLYRIAN COINS IN WARTIME

*Prof. Olivier Picard**

Minting of coins in wartime provides abundant information on the development of the societies in Antiquity - on Greek cities and surrounding populations and the relationship between them. South Illyria (today's Albania) is an original example of this evolution. Here we are talking about populations and not tribes, which is a very vague concept. The rulers of these populations hold the Greek title BASILEUS (king), which is very meaningful, as we have no data neither for the Illyrians nor the Thracians on the title they used amongst themselves.

The relationships between Thracians and the cities founded by Greeks on the shores of Illyria (here we will concentrate only on the two most important, Dyrrachion and Apollonia), are very complex. We do not have exact information on the circumstances of the foundation of these cities, but one thing is sure, if the Illyrians had wanted, they could have prevented their establishment in the territory. These cities were useful to the natives: they brought their knowledge of seafaring and enabled mutual exchange, e.g. buying slaves in exchange for wine. This is evidenced by the archaeological research during which many wine amphoraes have been found in these areas, as well as by texts that cite the presence of many non-Greek slaves in Greece's territories. However, it must be said that the relationship between Illyrians and these two cities were not always good. The cities were apparently

* *Prof. Olivier Picard, Former Director of the French Archaeological school at Athens, Professor at the Sorbonne University, Member of the Academie des Inscriptions et Belles Lettres (Institute of France).*

very rich, especially with regard to monetary values, which was very useful to the Illyrian kings who did not intend to destroy them, but to control them and raise a tribute from them, while the cities themselves firmly negotiated to defend their independence. Recent studies from Prof Shpresa Gjongecaj and Dr Albana Meta have shed new light on this topic and my following presentation aims to highlight these results.

FIRST COINS IN ILLYRIA: THE HOARDS OF HOLLM AND HIJA E KORBIT

In South Illyria, coins appear at the end of the V century during the Peloponnesian War between Sparta and Athens. Earlier, it had appeared in the Aegean and Thrace, and later in Epirus. Before the Peloponnesian War, only sailors that served in warships received a regular wage, while the infantry did not. The war forced the cities to hire mercenaries from outside their lands, who did not have the status of citizens.

This also likely explains the Hoard of Hollm found in 1991, which is the most ancient hoard of coins found in Albania, in the mountainous region away from the coast and commercial areas. In this hoard, only Aegina coins can be found, which date up to the 420s. These coins did not circulate in Illyria or in Macedonia. They were used by Sparta and it is possible they were brought here by the Spartan army, led by Brasidas, which during those years had undertaken an expedition in Upper Macedonia. The Dassaretii may have captured and brought this hoard in their land.

Meanwhile, the first coins in coastal Illyria were minted by Dyrrachion, which adopted the monetary system of Corinth: i.e. staters that feature Pegasus on the obverse, the flying horse, and Athena on the reverse. In the Antiquity, these staters were called "foal" or Pegasuses. (Fig. 1). Some issues similar to this type were minted by Apollonia as well. These



Fig. 1: Coins of Corinth, different denominations.

coins circulated at the same time with the Pegasuses of Corinth and were used in exchanges with Sicily. But, in Albania we have not found such coins. So, we may say that during this period these coins were used only in these two Greek cities but not used in the rest of Illyrian territories.

Another interesting hoard is that of Hija e Korbit, which was found in the ruins of an ancient Illyrian city (west of present-day Maliq) in 1982. In this hoard, coins featuring Alexander the Great and kings of the Hellenistic period (Lisimachus of Thrace, Philip III, Seleucus I, Antiochus I, Eumenes of Pergamon, Antigonus Gonatas, etc.) were found. All these coins were minted in Asia Minor, with the exception of some tetradrahmas of Athens that date back to 230s. These coins are not used in Illyria. So, they must have been brought from distant territories to Hija e Korbit. We may assume they may have been brought here by an Illyrian military man who made a career in Hellenistic armies, initially in Asia Minor, and then in Athens, and who came to Hija e Korbit with his "trophy of war" to live the rest of his life. Both examples perfectly show that hoards do not always reflect the real monetary circulation of the area they were found. In my opinion, they represent a form of "saving" related to war, but they do not give us data relating to the commercial use of the coins in a given period.

BEGINNINGS OF REGULAR USE OF COINS IN ILLYRIA

The Illyrian society would start using regularly a totally different coin. The new coin, instead, did not have the weight and the features of the Corinthian coin, but adopted the coins of Corcyra, which show a cow with suckling calf on the obverse and a floral motif on the reverse with the name of the city in the square of the reverse.



Fig. 2: Dyrrachion, staters of Corcyra type.

(Fig. 2). The highly accurate technical and stylistic analysis performed by Albana Meta points to a very high similarity between the Corcyra coins and the first coins later minted by Dyrrachion around the year 375. The Greek historian Diodorus of Sicily recounts that around the year 385,

the ruler of Siracuse, Dionysius, helped the Illyrians in their war against Epirus, by sending them 2000 mercenaries and 500 "complete Greek military equipment sets": and of course with the latter the Illyrian soldiers would be equipped and fight on an equal foot with the Greeks. They surely would have also received a payment, just like the Greeks, in coins. Undoubtedly, the need to make these payments to the warriors led to the use of coins in Illyria. Rich data show that these coins were used not only in intra-city exchanges, but were also used extensively by the Illyrians. Such coins were minted not only by Dyrrachion, but also by Apollonia, although in more limited number. Each city organized the minting of coins by itself and put on them the initials of its name and its control marks. It was necessary that these control marks would be read and identified well, in order to distinguish between Dyrrachion and Apollonian coins. This distinction could be done well only by professionals and bankers, while for the average Illyrian user, these coins were absolutely identical, and this was exactly the final goal: the production of the coin that was throughout the entire Illyria.

This proved to be a great success, as is also evidenced by hoards, with more than 25 of them have been found in Albania. (Fig. 3). Meanwhile, other similar ones have not been founded in the territories outside Albania, only later on in the Balkans during the end-II century wars, about which we will discuss later. This monetary allegiance between the two cities and the Illyrian populations would continue for more than three centuries, until the end of the Roman Republic. During this period, the coin would adapt to the political changes, particularly the establishment of Rome's control on these territories. We know also



Fig. 3: Hoard of Kreshpan.

about other monetary allegiances, where two neighbouring cities would produce in parallel the same coin, but with a more limited monetary issue and timeframe, compared to those of Dyrrachion and Apollonia.

While in South Illyria the coins with a cow and calf that were minted by both these cities, were also used as Illyrian coins by kings to pay the army; some coins of Dyrrachion, e.g., indicate a close connection with king Monounios.

MONETARY RELATIONS BETWEEN DYRRACHION AND KING MONOUNIOS

The last cow and calf staters that were minted in Dyrrachion show the connection of the city with the Illyrian king, Monounios. (Fig. 4). From this monetary system we have 15 coins with particular obverse



Fig. 4: Coins of King Monounios.

from 118 of the entire series, or around 1/8 of the coins from all the issue. Most of them were found in the hoard of Kreshpan. The type is the same and the inclusion of the king in it does not undo what is essential for the coin - the image of the city seal, which guarantees the legal value of the coin. The king is represented through the control mark; therefore, it appears as the monetary responsible person initially through the monogram of his name, which was not understandable by most of the users. In the second obverse, the monogram is replaced by the image of the wild boar jaw, which served as the king's seal. Afterwards, the name of the king was added as well, which could not be understood by those who were illiterate.

The ethnicon DYR does not appear in two coins. But one thing is certain, that the most important thing was the image of the coin - in this case the cow with calf - since even without the ethnicon DYR the coin is accepted as a coin of Greek cities.

A proposition suggests that these coins prove that Monounios may have conquered the city. In my opinion, the opposite may be the case - these

coins show how much the king respected the authority of the city, which was necessary to preserve the trust in the coin. Monounios made an agreement with Dyrrachion, because that was the only way to benefit from its financial and monetary technology, which he desperately needed to pay his troops. It is difficult to define this agreement, but it seems that the king has agreed for his image not be visible in these coins, except to a handful of ancient (and modern) specialists. On the other hand, there is no doubt that he had placed the entire mint under his control.

The most important issue is to know who provided the metal to mint these coins: the city or the King? In the end, one thing is certain: the coins entered the King's hoard and served for the payment of his troops. Soldiers would use part of these coins to pay the traders of Dyrrachion for purchasing various goods. So, the city brought the technology to mint coins, while the king supported his demands with the strength of the army. So we can guess how complex and detailed the agreements may have been.

FROM STATERS TO DRAHMAS

After the death of Monounios, the monetary system underwent profound changes. Neither of the cities minted staters that weighted 10.65g any longer; instead Dyrrachion started to mint drachmas, of the same type but which weighted as much as 1/3 of the staters. Meanwhile, even the control system changed – from this moment forth, on the obverse there was a name (in the nominative case), above the cow while on the reverse there was a name (in the genitive case) besides the ethnicon of the city. (Fig. 5). The detailed examination of the coin shows that the



Fig. 5: From staters to drachmas.

name on the obverse presents the monetary authority of the obverse, i.e. the citizen responsible for the issuance (and not the king as it was thought before), while the name on the reverse represents the monetary authority of the reverse, i.e. the name of the minting technician.

Apollonia too would start to mint drachmas in accordance with the same rules about 20 years later, around the year 250, in much higher quantity compared to staters. But, the issues of Dyrrachion amounted to almost three times compared to those of Apollonia. At this moment, this monetary system appears more as an Illyrian system.

THE CASE OF SMALL SILVER AND BRONZE COINS

The coins of the two cities most used in the Illyrian market were those of heavier weight. As for the other coins - fractions of staters and bronze coins - each city had autonomous usage, since they were not used in the Illyrian territories.

Dyrrachion started to mint, at the same time of the cow with calf staters, the stater quarters with the head of Heracles on the obverse, the mythical founder of the city, and the image of Pegasus on the reverse. These coins circulated only in Dyrrachion, while Apollonia did not have a similar monetary issue. (Fig. 6).



*Fig. 6: Small denominations of cities:
Fractions of staters and bronze coins.*

For bronze issues as well, each city followed an independent policy. Although the cow with calf on the obverse was borrowed from Corcyra, in the bronze coins each city presented their divinity - Apollo and Artemis in Apollonia's coins, and Zeus in those from Dyrrachion. Also, the control system of the issues was different from each city.

It is important to highlight the difference between the two iconographies, which shows clearly the city affiliation of bronze coins and fraction of staters, which in fact are issues destined for the city itself; but, unlike

bronze coins and fraction of staters, the image of the cow with calf, which was not related to any relevant cult of these two cities, did not reflect this affiliation, which was appropriate for staters that, for example, were probably destined for a more regional use (outside the territories of these two cities).

THE ROLE OF MONETARY ISSUES SINCE THE ROMAN INTERVENTION (YEARS 229/8)

The Illyrian monetary system would be used for a relatively long time, up to the war between Ceasar and Pompey, and the fall of the Republic. It will undergo further changes, to adapt to the needs of both cities as a result of relations with Rome. In 229, Romans intervened to put an end to the acts of piracy organized by Queen Teuta, and had established "friendship" relations with Dyrrachion and Apollonia. It is a known fact that these two cities were the ports that served as the starting point of Via Egnatia, which crossed the Balkans and connected the Adriatic with the Aegean, and both would play a very important role related to the movements of troops during the war with Macedonia. The Hoard of Bakërr, discovered in 1969 near Apollonia, presents a very interesting testimony on the financial movements of the Third Macedonian War.

The role of both cities would grow considerably during the Thracian wars (125-80) as dozens of hoards with cow and calf-drahmas that are found in today's land of Romania, Bulgaria and Serbia, show.

The coins provide us with abundant information on the history of these two cities and their participation in wars. No ancient historian has talked about the history of South Illyria; instead we have only brief passages on some important moments. Regarding the coins, we have the hoards and many other coins that may be found during archaeological excavations. The dies used for striking these coins have not been found yet, but we may say that we know all the issues, the times when these cities minted many, few, or no coins at all.

These moments are closely related to the history of South Illyria and constitute our best source of information on the history of ancient Albania.

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SESSION I:

ANTIQUITY

*Session Chair: **Prof. Dr. Shpresa Gjongecaj**,
Institute of Archaeology, Academy of
Albanological Studies*

COINAGE AND WAR IN THE TERRITORY OF SOUTH ILLYRIA (IV-I CENTURY BC)

*Dr. Albana Meta**

The minting of coins is an important moment for the cities and rulers, as the coinage is not only an economic mechanism, but also an instrument of identity for the minting authority. For the modern scholar the study of coins is not only a process of identifying and establishing the monetary systems of a city/ruler, but also an opportunity to discover the trade, the economic trends, the circulation zones and moreover to determine and insert into their historical context the changes in the pattern of coin production. The advancement of studies has proved a strong correlation between the increase of the coin production and the war. It is evident that the war was, even in antiquity, an enormous budget-demander and financing it required exceptional measures, including the minting of coins. The changes in the pattern of the coinage production can be noticed in the augmentation of the number of coins minted, the intensification of the coin circulation, the creation of regional markets, the appearance of new coin denominations, and the intensification of the number of hoards. Because an army needs supplies, clothing, arms, nutrition, and as the warfare was also a remunerated activity, it requires a considerable number of coins to cover all these expenses. Moreover, the coinage could easily facilitate their provision in comparison to the exchange of goods.

Illyria is a region where the autonomous coinages of the cities and rulers began to be minted relatively late, about two centuries after its invention and introduction in the ancient world. The aim of this article is

* *Dr. Albana Meta, Institute of Archaeology, Academy of Albanological Studies.*

to focus on the connection between money production and war in the territory of south Illyria, from the IVth to the 1st century BC. The first coins minted in the region (actual territory of Albania) were the silver staters of Dyrrhachium, which appeared around 385 BC¹.



Fig. 1. Corcyrean type staters of Dyrrhachium.

The reason for this late appearance of the coinage in the region as well as the exact motive why the city minted its staters in that moment remains unknown to us. However, a survey on the historical events provides some clues on the date. Diodorus informs of an assault of the Illyrians against the Molossians in the Illyrian coast, in 385/4. According to him, Denys of Syracuse supported the Illyrians by sending them 2000 warriors and 500 "complete Greek armors"². So, he helped the Illyrians to equip 500 men, who, it can be assumed, very soon demanded to receive a pay. This event is important because, even indirectly, it speaks of the existence of a mercenaries market in the region, which is unknown by other sources. It is, most likely, due to these events that the staters of Dyrrhachium start to be minted, in order to pay these mercenaries involved in the war. This is the first coinage in the region that can be connected to the war, but certainly not the only one. Around 315 BC, Dyrrhachium starts the production of a new denomination, which has the quarter of the value of the stater. The quarters of the stater depict the head of Heracles on the obverse and a flying Pegasus on the reverse.



Fig. 2. Quarter of the stater of Dyrrhachium.

¹ *Meta* 2015, p. 158.

² *Diodorus*, XV 13, 1-3.

Their presence in a hoard found in Durrës has suggested the above mentioned date for their appearance and has permitted to draw a connection between the latter and the military campaigns of the Macedonian king, Cassander, in Illyria³, during which he took control of Dyrrhachium. The weight of the coins suggests that it is the same with that of the fifth of the tetradrachmas of Philip II of Macedon. Thus, during the military conflicts of the Macedonian king a new coin denomination is minted by Dyrrhachium which is equally exchangeable with the staters of the city as well as with the Macedonian coins, which are widely found in the region, certainly brought here by the army.

Another very interesting coinage that can be related to the war is that in the name of the Illyrian king Monounios. Three different denominations, two in silver, and one in bronze, have been known so far to be minted in the name of the king. The first and most well known is the silver stater which borrows the Dyrrhachium stater type with a cow suckling calf on the obverse and a double floral pattern on the reverse. The coins in the name of the king differ from those of the city only by his title and name which have been added to the reverse, next to the legend of the city.



Fig. 3. Stater in the name of king Monounios.

Recent studies have demonstrated that these coins are not minted in the context of an occupation of the city by the king, but in the conditions of an agreement between the two. The terms of this relation between them is, unfortunately, unknown to us as no source mentions it, but the coins are a proof of its existence. The presence of his coins in the hoards of Kreshpan and Corfu with the staters of the city indicates that the two categories have circulated together. These hoards have permitted to date the king's staters to the years 280-270 BC⁴. The second denomination in the name of the king proves clearly that these coins are minted in the situation of a special relationship between the

³ Gjongecaj 2010, pp. 39-40.

⁴ Gjongecaj 1998, pp. 99-100; Preka, Gjongecaj 2007, p. 368.

city and the king. This denomination is the quarter of the stater, which has the same type, weight and diameter as the quarters of the city. Not only they borrow the city's typology, but they are also part of the latter's ordinary issues⁵. The only difference is a wild boar jaw identifying the king (it appears also on the staters of the king), that emerges as a symbol on the reverse of the issues⁶. No title or name of the king appears on the quarters, only the boar's jaw as a mean of identification.



Fig. 4. Quarter of the stater minted in Dyrrhachium for king Monounios.

The third denomination of the king is in bronze and borrows an Apollonian type with the head of Artemis on the obverse and a wild boar jaw on the reverse⁷. They are minted in Apollonia and the only specimens known so far are found in the territory of this city.

Though it is impossible to know the exact terms of the relationship between the king and the two cities, the reason for the minting of his coinage should be connected to war. Unfortunately the sources are silent on the events in which the king may have been involved. However, judging by his coinage, the short minting period, the limited number of dies, it is possible to assume that the coinage has been minted to cover an immediate need for money, which can be linked to a military campaign, probably the payment of the mercenaries. It is also very likely that it is the king who provides the money for the minting: the quarters of the stater inserted in the common issues of the city prove this assumption.

The second half of the third century BC marks the beginning of a series of military conflicts that affect the territory of south Illyria. The year 229 BC signs the first intervention of Rome to the East of the Adriatic and

⁵ Meta 2015, p. 55, em 15.

⁶ Meta 2015, p. 169.

⁷ Gjongecaj, Picard 2007, p. 84.

certainly not the last. The first Roman-Illyrian war occurred in this year and was followed by a second conflict in 219 BC. The three Macedonian wars and later the continuous military conflicts against the Thracian and later the Dacians in the northern Balkans, transformed the Illyrian territory in an arena of conflicts and a passage way for the Roman army. These events are followed by various changes in the production of coins in the region. The first and most direct evidence was the appearance of the autonomous coinages of the south Illyrian cities. The first to mint their coins were probably Byllis, Amantia, Olympas and Orikos. The exact date of their first issues is difficult to establish, but it is very likely that the appearance of the coinages in these cities is linked to the military conflicts during the first Roman-Illyrian war⁸. It is the continuous presence of the army in the region that conducted to the formation of the regional markets and therefore the appearance of the coinage. They minted only bronze coins which circulated, besides the territory of each city, in the surrounding areas between them, creating thus a clear picture of the local market between them. In the north of the region, Shkodra and Lissos also start their own coins, slightly later, around 213/211⁹. They have two denominations in common (differing only by the legends) one of which is borrowed from the Macedonian coinage. They are respectively: shield/helmet type and head of Artemis/thunderbolt¹⁰. The first denomination is certainly linked to the military campaigns of Philip V of Macedon in Illyria, where, according to Polybius, he concurred Lissos and the other cities were subordinated to him¹¹.



Fig. 5. Shield/helmet coin minted in Shkodra.

In need for coins, the king may have pushed the two cities to mint their coinage of Macedonian types and weight so they could be equally used by his soldiers.

⁸ Meta 2014, p. 328-329.

⁹ Evans 1880, p. 278 ; Ceka 1965, p. 94

¹⁰ Gjongecaj 2017, p. 102.

¹¹ Polybius VIII, 16.

Another coinage linked to the war is that struck by the Illyrian king, Genthios, whose kingdom had Shkodra as his capital. The king borrows the coin types of Shkodra and Lissos and his coins are of bronze.



Fig. 6. King Genthios coin borrowing Shkodra's head of Zeus/galley type.

He was an ally of Perseus in the war against the Romans and he was defeated by the latter in Shkodra, in 168 BC. It is the need to cover his military expenses and to maintain the army that has incited the king to mint his own coinage. The same reason, so the participation in the conflict between Macedonians, Romans and Illyrians, may have pushed the Illyrian tribes of Labeati to mint a bronze denomination, which is of the same type and weight as king Genthios heaviest one¹².



Fig. 7. Coin in the name of the Labeati.

From the year 120 BC up to the middle of the 1st century BC, the most significant change in the coinages of the region are linked with the silver drachmas of Dyrrhachium and Apollonia. The coins of the two cities are produced in greater quantities, with a high intensity of the issues, often showing lesser care in the minting than the previous emissions and circulate massively not only in Illyria but also in the Balkans, on the two sides of the Danube River, in the territory of the Thracians and the Dacians. The great number of hoards comprising the drachmas of the two cities testifies of the incredible quantity of coins produced by them in a short period of time: from 120 to 48 BC for Apollonia and from 120 to 60/55 BC for Dyrrhachium. The issues of this period are clearly war coinages. They are linked to the military campaigns of

¹² Jubani 1972, p. 69-79; Meta, forthcoming.

the Romans in the Thracians and Dacian territories¹³. As the two cities were allies of Rome and represented the closest point for the landing of the Roman armies, they have also provided great quantities of coins for the Romans, in order to help them with the financing of the war. It is very likely that the Romans financed themselves at least some of the issues, by providing the metal for the coins that were produced in the workshops of the two cities.

THE HOARDS

The war influences also the coin circulation and the process of hoarding in the territory, so by defining the pattern of circulation and a map of the hoards it is possible to track the changes during a certain period of time. The increased need for money, the movement of the armies and the provision of goods in the local markets require more coins so they have widely circulated. On the other hand, the instability of the war makes it more likely for the coins to be hidden in order to save them from any brutal event. Furthermore, with the movement of the army a part of the coins can be lost from the warriors themselves, creating thus more hoards, which in this case are important not only for their content, also because they indicate the passage routes in the territory.

Regarding the coin circulation it is noted that especially from the IIIrd century BC there is an intensification of the coin circulation in the territory of south Illyria. The main silver findings are constituted by the drachmas of Dyrrhachium and Apollonia, which constitute the silver coins of the region, as the Illyrian cities do not mint any silver denomination. In terms of foreign coins circulating in the region, during this century there is an intensification of the contacts between the two coasts of the Adriatic which can be seen also in the reciprocal presence of coins in both territories¹⁴.

The earliest hoard linked to the war in the territory of south Illyria is that of Hollm, which is composed by silver staters of Egina and one coin of Thera¹⁵. Its burial is dated to about 430 BC and is linked to

¹³ For the circulation of the Dyrrhachium and Apollonia drachmas in these territories see Gjongecaj, Picard 2005, p. 139-154; Meta 2013, p. 117-133.

¹⁴ See Camilleri 2008, p. 87-150; Meta 2015, p. 256-257.

¹⁵ Gjongecaj, Nicolet-Pierre 1995, p. 283-322.

the occupation of Egina by Athens, which led to the fleeing of many inhabitants of the island¹⁶. According to H. Nicolet-Pierre and Sh. Gjongecaj who have studied the hoard, most probably it belonged to the Egeians who were on their road to the Damastion mines region, where later they founded the city of Damastion¹⁷. This is the only hoard belonging to the Vth century in the territory of south Illyria.

In a recent study on the hoards found in Albania dating between the Vth – 1st century BC, Sh. Gjongecaj gathers in one volume all the

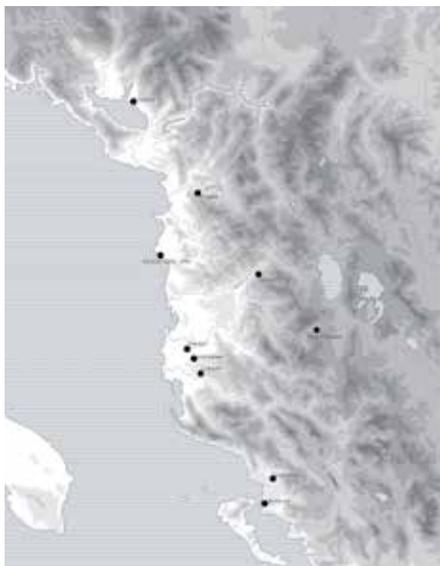


Fig. 8. Map of the IIIrd century hoards.

findings from this period, giving a clear view of the situation of the hoarding in this territory. From this study it results that from the IVth century BC there is only one hoard, that of Cërrik, which dates to 300 BC¹⁸. Another hoard, found in Durrës in 2006, is constituted by quarter of the staters of Dyrrhachium and two coins of Cassander, all belonging to the years 330-280 BC¹⁹, but its burial date is around 280 BC, so it belongs to the IIIrd century. The number of hoards rises significantly during the IIIrd century. Thus, seven hoards belong to the period after 300 BC up to the middle of the century: Durrës (2006), Cakran (1962)²⁰, Pllanë (1960)²¹, Kreshpan (1982)²², another hoard from an unidentified location in Albania²³, Phoinike (2008)²⁴ and Kupa

(1939)²⁵. Even though not all these hoards are linked to the war, they prove clearly the intensification of the coin circulation in the region

¹⁶ Thucydides II, 27, 1 ; Diodorus XII, 44, 2-3.

¹⁷ Strabo VIII, 6, 16.

¹⁸ Gjongecaj 2015, p. 23, no. 5.

¹⁹ Gjongecaj 2015, p. 45-52.

²⁰ Gjongecaj 2015, p. 69-72.

²¹ Gjongecaj 2015, p. 23.

²² Gjongecaj 1998, p. 81-102.

²³ CH VIII, no 263.

²⁴ Gjongecaj 2015, pp. 73-76.

²⁵ CH V, no. 32.

after the establishment of the monetary systems of Dyrrhachium and Apollonia.

Five hoards date to the second half of the IIIrd century, of which four (Bakërr 1973²⁶, Hija e Korbit 1982²⁷, Jubicë 1965²⁸, Durrës 1896²⁹) can be directly linked to the Roman-Illyrian conflicts in 229-219. Another hoard belongs to the turn of the century, around 200 BC (found in Orikos in 1958)³⁰. It can be noted that the number of hoards increases during the third Macedonian war around 168 BC, either in south Illyria or in Epirus, in the territory of Chaonia. About ten hoards (Lissos 1923, Antigoneia 1977, Bakërr 1969, Dërmish 1954, Kukës 1971, Qesarat 1963, Renc 1900, Selcë 1870, Senicë 1958) are buried during this period in these regions.

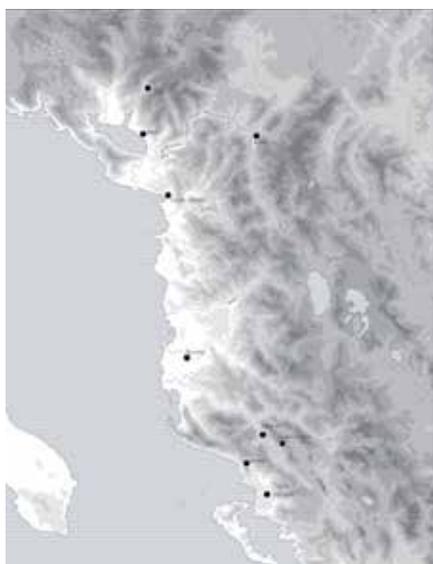


Fig. 9. Map of the IIIrd century hoards.

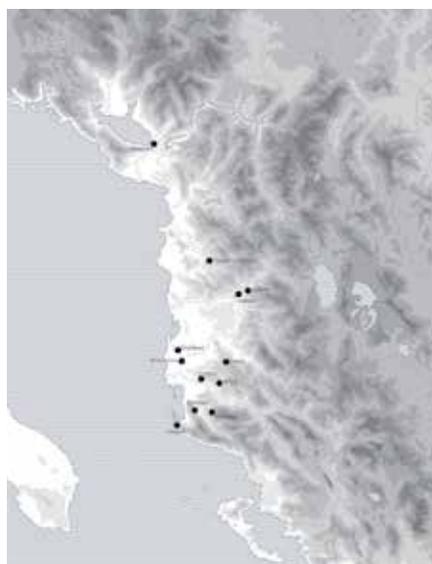


Fig. 10. Map of Ird century hoards.

The increase in the number of hoards is consistent as 14 hoards are buried between the beginnings of the Ird century BC up to the 30s of this century.

²⁶ Gjongecaj 2015, p. 135-139.

²⁷ Gjongecaj 1985, p. 167-193; Gjongecaj 2015, p. 85-117.

²⁸ Ceka 1971, p. 83-101; Picard, Gjongecaj 2000, p. 139-145.

²⁹ Gjongecaj 2015, p. 81-84. For the burial date of the Durrës hoard see Meta 2015, p. 213.

³⁰ Gjongecaj 2015, p. 25.

These hoards are particular for their content as they are composed by local coins and Roman republican coins. Many of them are buried during the civil war between Cesar and Pompeus when the territory of Illyria became the battle field of the two antagonist armies.

THE REFORMS OF THE 30S BC

Another evident change in the coinages of the cities located in south Illyria is noticed after the civil wars during the 30s. Apollonia is the first city to undertake a reform of its coinage, which consists of preserving most of its Hellenistic coin types but adopting them to the Roman weight and metric system used for the coins in the name of M. Antony³¹. This is linked to the conflict between the latter and O. Augustus and the coins were most probably minted immediately after 36/35, when the coinage in the name of Antony, minted by his fleet commander Atratinus, appeared. The new coinage is based on three silver denominations and four bronzes, being the only city in the region to mint silver coins during this period. Dyrrhachium has also reformed its bronze coinage, adopting it to the Roman system³², even though the new coinage is not as well established as in Apollonia. A recent discovery showed that even Byllis has minted at least a new bronze denomination adapted to the weight of the coins in the name of M. Antony³³. It is not to be excluded the possibility that other cities in the region have also minted coins during this period as some of their Hellenistic issues show an increase in weight but the quantity of coins and the studies on them are still limited. It is to future studies to establish if this change has occurred before the middle of the 1st century or it is linked to the reforms undertaken during the 30s in the entire region.

³¹ For the coins in the name of Atratinus, see Amandry 1986, p. 73-85; 1987, p. 101-112; 1990, p. 65-96; for the new coinage of Apollonia see Picard, Gjongecaj 1998, p. 511-522.

³² Gjongecaj 2007, p. 112.

³³ Meta, Muçaj 2017, p. 484-485.

Key to figures

Fig. 1: *Meta 2015, D34-R67, p. 32* (New York collection, Newell 1944.100.18491).

Photo 2: *Numismatic Cabinet, Tirana, Inv. no. 2640.*

Photo 3: *Meta 2015, D115-R174, p. 44* (Gjongecaj 1998, Kreshpan hoard, no. 186).

Fig. 4: *Meta 2015, D139-R177, p. 55* (Collection of Cabinet des Médailles, Paris, Dyrr. No. 149).

Fig. 5: *Collection of the National Historical Museum, Tirana, Inv. no. 1195.*

Fig. 6: *Collection of the National Historical Museum, Tirana, Inv. no. 1190.*

Fig. 7: *Albanien. Schätze aus dem Land der Skipetaren, Mainz 1988.*

Fig. 8-10: *Maps by Albana Meta.*

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COINAGE IN ANCIENT WARRIOR EXCHANGE SYSTEMS BETWEEN GREEKS AND NON-GREEKS

*Dr. Aliénor Rufin Solas**

The relationships between ancient Greeks and the neighboring warrior peoples in wartime have been mostly seen from the perspective of conflicts. However, not only were the ancient authors loquacious on the subject of warrior ententes, but the exchanges they provoked are also documented by material sources, especially coins. The case studies are yet very unequally documented: military exchanges linked to alliances or recruitments with the Greeks are much more documented in literacy and epigraphy in Thracian context than in Illyrian or Lydian contexts, but the latter provide a very interesting numismatic documentation. An approach based on comparative history may thus be of great help to enlighten the role of money in wartime between the Greeks and the neighboring warrior peoples. We may analyse these warlike exchanges, progressively regulated by the coinage, with an anthropological point of view: the military relationships, attested in our documentation by some specific narratives, help understanding the sustainability of the relations between the Greeks, settled on the coast of these regions traditionally described as barbarian, and the peoples of the interior. Kings of the interior also used to strike coins with the same types than those of the Greek cities and in many cases the monetary strikes of these warrior people neighboring the Greeks seem to have involved both partners. Be these practices interpreted as an unequal balance of power or as collaboration, they reveal strong financial and monetary connections.

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With the key example of archaic Lydia, prior to Croesus, compared to the Thracian case, much better documented by literary sources, I will try to demonstrate that coinage was created and adopted in contexts of very dense military exchanges with the Greeks. The durability and complexity of these exchanges make it possible to uncover a warlike system which, even based on an unequal balance of power, implies two-way transfers of wealth and was profitable for both partners. Since all these transactions are known through the Greek testimonies only, the Greek vocabulary used to describe them has to be analyzed. In this regard, the Thracian case may help enlightening the warrior exchanges described elsewhere by the same vocabulary but less precisely. In Thrace, where the literary sources are the most loquacious on military exchanges between Greeks and non Greeks, they describe personal alliances accompanied by regular social practices, especially exchange of wine, women and gifts (*dōra*). These wealth exchanges are distinct from the payment of the warriors, but they are part, together with the loans as well as the riches plundered or the payments regulating the plundering attacks (called *dōra* again by the Greeks), of a financial exchange system linked to war, that was in the Thracian area very profitable for all partners, and in which coinage played a key role.

Coinage, as pieces of metal struck and marked in a standardized manner, was invented in Asia Minor towards the end of the seventh century BC. These first coins, struck in electrum, appeared both in the Lydian kingdom and in the Greek cities of the Ionian coast until Croesus, who abandoned the coinage of electrum in the middle of the 6th century BC. Modern scholars are still debating the reasons of the first monetary strikes, and the bibliography on the subject is huge.¹ Since the monetary system was common to the kingdom of Lydia and to the Greek cities of the coast, the Lydian kings appeared as the only authority capable of imposing such a novelty on this whole. But if it is firmly established that the latter rose tribute on the Greek cities during the reign of Croesus, this idea may be challenged regarding the previous Mermnades kings: I will try here to demonstrate that the first strikes, in electrum, appeared within the frame of a complex system of exchanges, between Greeks and Lydians, in a warrior context.

¹ See especially *Le Rider 2001* and *Konuk et alii 2018*.

PHOROI AND DÔRA

“Before Croesus, all the Greeks were free” wrote Herodotus I, 6, 3. However, some historians focused on the mentions of the victorious Lydian attacks against the Greek cities and on the payments the Lydians received from them, attested in Greek sources, to state these cities were already subdued. But were these payments phoroi (tributes)?

Herodotus reports, for instance, that Gyges seized Colophon, Ardys took Prienos and Allyattes Smyrnos (Hdt I, 14-16). But clearly these Greek cities were not durably taken. When Herodotus says the Greek cities were free before Croesus, he gives the example of the Cimmerian invasion, which must have been the most violent the Greek coastal cities suffered from: there he uses the same verb (*aireô*: take, conquer), while stressing that the incursions and the plunders did not imply the lost of their freedom. The same way, the Greek cities were plundered by the Lydians but not submitted to any phoros before Croesus. We face here a situation similar to the Thracian one, where the Greek cities were regularly plundered but not systematically destroyed or subjugated. Herodotus enlighten very clearly the process about Miletus (Herodotus I, 17): “whenever Alyattes came to the Milesian territory, he neither demolished nor burnt nor tore the doors off the country dwellings (...) The reason that the Lydian did not destroy the houses was this: that the Milesians might have homes from which to plant and cultivate their land, and that there might be the fruit of their toil for his invading army to lay waste.”). In Thrace, coinage progressively regulated the financial relations between raiders from the interior and the Greek cities, through the payment of *dôra* in coins. Political freedom did not mean absence of payment, through unequal relationships. But the terms used by the Greeks are meaningful. The phoroi, which have been hardly distinguished by scholars with the *dôra* in the Thracian plundering raids context, actually have a very different meaning. In the case of ancient Thrace, the payment of phoros did not exclude the payment of *dôra*, but implied the lost of political freedom.² Contrary to the *dôra*, the amount of the phoros, systematically accompanied by other obligations by an external power, could not be the result of a decision in the political assembly in the city.

² *Rufin Solas 2016a.*

We may thus consider that the Greek Ionian cities were not submitted to any phoros before Croesus and the payments the Mermnades perceived from them were, at that time, *dōra*.

XENIA AND RECRUITMENT OF GREEKS MERCENARIES

Georges Radet had clearly seen the personal relations between the kings of Lydia and the Greek aristocracies. The same author and others have also emphasized the much probable importance of mercenaries in the power of the Mermnades.³

But these two phenomena have not been related yet. It can be seen in other warrior regions, especially in Thrace, how recruitments were facilitated by personal alliances, called *philia* by the Greeks. They took the form of *xenia*, the traditional aristocratic hospitality, and were marked by exchanges of wealth at different steps of the relation and of the negotiations. All these exchanges, from the gifts between the chiefs to the payment of the men, were gradually regulated by the coins. Regarding the Lydian region, not only were these traditional aristocratic exchanges not stressed by Modern scholars, but they also have been denied. Embarrassed by the personal aspect of the diplomatic relations between the Lydian kings and the greek cities, Bauslaugh thought he had to correct the text of Herodotus I, 22, 4: instead of "*xenia kai symmachia*" (between Alyattes and Miletus), considering that it would have been "an example of literary licence", he decided to read "*philia kai symmachia*".⁴

The financial exchanges practiced in the social context of the *xenia* were also practiced in Lydia between the chiefs of the interior: Xenophon reports that the *kukloi basileis* (the kings around) gave Croesus gifts while asking him to be their leader in the war against Cyrus (Xenophon, *Cyropedia*, 7, 2, 23). This information also suggests that what we call the Lydian kingdom may have been first a warrior system dominated by the Mermnades, characterized by unequal warrior alliances with other kings. It would then look like the Macedonian situation before Philip II, where we had, as Thucydides has described it, a main king dominating

³ Radet 1892; see also Price 1980.

⁴ Bauslaugh 1991.

other kings but also allied with them.⁵ If so, instead of a Lydian State or a Lydian centralized empire, we would have first a warrior system dominated by a powerful dynasty of kings.

Before becoming a king, Croesus obtained financial resources at Ephesus, as Pamphaes of Prierus pours dôra (edoreshes) of a very important value (30 mines) to him⁶. The counter-gift sent by Croesus, a silver carriage, inscribes this exchange in the social aristocratic hospitality pattern (*xenia*). This last example shows the density and the diversity of the financial exchanges between the Greeks and the Lydians, in both directions, as well as the existence of a Greco-Lydian warlike and financial system based on personal relationships before the reign of Croesus.

FROM “XENIA KAI SYMMACHIA” TO THE PAYMENT OF PHOROI

The analysis of the metallic composition of coins in electrum revealed important manipulations (as the gold content was much lower in coins than that of the natural electrum), allowing the issuer to make profit⁷. We have to admit the metal modified this way was yet accepted, but probably because of its social, and not only its financial or economic value. The radical change came when Croesus rose tribute in the Greek cities. Henceforth the coins were struck in gold or in silver and not in electrum anymore.

Thus, one observes the transition between two very different types of monetary exchange. The first one, characterizing the coins in electrum, should probably be replaced in its aristocratic context, characterized by the personal dimension of the alliances and the symbolic dimension of the values exchanged; this was within the framework of a Greco-Lydian system marked by intense warfare relations between Lydian aristocracies, but also between Greek and Lydian aristocracies, which, according to Herodotus, shared the same social practices. The second one, with coins struck either in gold or in silver, made it possible to

⁵ *Rufin Solas 2016b.*

⁶ *Nicholas of Damascus FGtH 90 F 65: Elien (VH IV, 27); Herodotus VI, 1, 25 (see Dion Chrysostom, Orationes 78.32); Pausanias IV, 5, 3.*

⁷ *Konuk et alii 2018.*

settle strictly measured exchanges, which is much understandable in the context of the accounting of an empire.

CONCLUSION

Instead of the alleged Lydian state context, coinage appears to have been invented within the frame of a complex system of warrior exchanges in archaic Lydia prior to Croesus. This context shows similarity to that observed in ancient Thrace when coinage was introduced and progressively adopted. In both cases, Greek cities were settled on the coast of regions inhabited by warrior societies with which they exchanged intensely: recruitment of warriors, exchange of metal through payments, loans or gifts, not to mention the monetary strikes of the kings of the interior in which the Greeks have been implied one way or another. In all these regions, coinage may finally appear as a facilitator in a complex and dynamic system of exchanges implying the Greek city states and other forms of warrior and social organisations.

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SESSION II:

MIDDLE AGES AND POST-MIDDLE AGES

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Albanological Studies*

BYZANTINE COINS IN BERAT DURING THE BYZANTINE-ANJEVIN CONFLICT (1258-1281)

*Prof. Asoc. Dr. Konstantinos Giakoumis**

ABSTRACT

The paper discusses how the military conflict between the Byzantine state and the state of Charles I of Anjou over Berat and the westernmost parts of Via Egnatia affected imperial coinage iconography in the region, as evidenced by four coins portraying the Archangel Michael found in the Castle of Berat, dating ca. 1258-1281 and associated with the mint of Thessaloniki. The representation of military saints in churches, other monuments and artefacts in times of war has been interpreted as a wartime influence. In our case, the coins under consideration portray St. Demetrios and the Archangel Michael. Both saints, as well as the Archangel Michael, who is also portrayed below the portraits of the Palaeologan imperial family in the monastery of St Nicholas at Perhondi, Berat, were viewed by the Byzantines as protectors of emperors, especially those bearing their names, such as Michael VIII Palaiologos. In this paper I am trying to demonstrate that the circulation of mints in this particular iconography should be linked with the last attempts of Byzantium to regain and sustain the westernmost provinces of Via Egnatia.

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I am indebted to Dr. Julian Baker, curator of Medieval and Modern Coins and Related Objects, Ashmolean Museum of Art and Archaeology for his precious expert exchanges in the study of the coins published herewith. The theses held in this paper, are mine, as is also the responsibility for any mistakes. I am also grateful to Prof. Dr. Shpresa Gjongecaj for granting me access to the Numismatics Cabinet she directs.

1. INTRODUCTION, EPISTEMOLOGICAL AND METHODOLOGICAL PREMISES

The paper discusses how the military conflict between the Byzantine state and the state of Charles I of Anjou over Berat and the westernmost parts of Via Egnatia affected imperial coinage iconography in the region, as evidenced by four coins portraying the Archangel Michael found in the Castle of Berat, dating ca. 1258-1281 and associated with the mint of Thessaloniki. It should be borne in mind that, in all pre-mass-media societies, coins and currency was not only a medium to facilitate non-barter transactions in a monetarized economy, but also a means of statecraft and image-making of the ruling elites. To investigate the topic, after outlining the epistemological premises of the Berat coinage imagery interpretation, I shall divide my paper in five parts: the first part shall outline the epistemological and methodological premises of this study, while the second will delve into the political circumstances of the 1258-1281 period, which shaped particular institutional needs with a structure of their own. The third part will summarize the monetary system of the Byzantine Empire under the rule of the Palaeologoi. The fourth part shall focus on imperial image-making and the use of coins for statecraft purposes. The fifth and final part of the paper will discuss the coin finds from Berat and contextualize them in their regional and period frame.

The sociological interpretation of the politics and pragmatics behind coinage imagery in the region and period under study is grounded on a number of epistemological premises. First, it is presumed that outside our minds there exists an objective world. Second, it is rational to believe that coinage imagery is, at least in part, a socially determined reconstruction of this objective world. Third, it is thought that, in the context of the Byzantine state, coinage imagery is framed under the direct influence of the emperor, the state and, at times, powerful Church officials. Hence, fourth, coinage imagery is structured to accommodate institutionally defined needs, thereby having an inner structure of its own. Finally, it is assumed that this inner structure is discernible upon the application of iconological methods of art historical enquiry.

In its classical form, iconology as a method of art historical enquiry was formed by Erwin Panofsky, who drew distinctions between iconography and iconology. After him:

Iconography is ... a description and classification of images ... it is a limited and, as it were, ancillary study which informs us as to when and where specific themes were visualized by which specific motifs. ... In doing all this, iconography is an invaluable help for the establishment of dates, provenance and, occasionally, authenticity; and it furnishes the necessary basis for all further interpretation." (Panofsky 1959, 31).

An iconographic study of coin imagery thus consists in the analysis of primary or natural subject matter (formal factual and expressional analysis), of secondary or conventional subject matter (iconographical analysis) and of the intrinsic meaning or content (Panofsky 1959, 28-31). However, as the author observed, "iconography considers only a part of all those elements which enter into the intrinsic content of a work of art and must be made explicit if the perception of this content is to become articulate and communicable" (op. cit., 32)

To overcome these restrictions, Panofsky proposed the term 'iconology' as the method by which "iconography is taken out of its isolation and integrated with whichever other method, historical, psychological or critical;" in other words, iconology is "an iconography turned interpretative and thus becoming an integral part of the study of art instead of being confined to the role of a preliminary statistical survey." In summary, iconology "is a method of interpretation which arises from synthesis rather than analysis. And as the correct identification of motifs is the prerequisite of their correct iconographical analysis, so is the correct analysis of images, stories and allegories the prerequisite of their correct iconological interpretation" (op. cit., 32). As a method of art historical enquiry iconology synthesizes the iconographic study of images with their place and time context and studies the image as discourse appearing in texts (cf. Mitchell 1986; van Straten 2007). It is therefore possible to analytically reframe coinage imagery, so that its relation to the objective world, texts and other images is revealed. Hence, one can decipher the kind of paradigmatic premises (explanatory models, perspectives, etc.) of coinage imagery. In the case study under consideration, I shall demonstrate that the dominance of military saints and Archangel Michael in the coins from the 1258-1281 Byzantine-Anjevin conflict period found in Berat are part of the imperial defence strategy whereby all forms of art are engaged in the war cause.

2. POLITICAL AND SOCIOECONOMIC CIRCUMSTANCES OF THE 1258-1281 PERIOD

On 2 June 1259, in which time Michael II, despot of Epiros, gave his daughter's, Helen, hand to Manfred Hohenstaufen of Otranto (Carabellese 1911, 44-5; Dendias 1926, 227-43; Filangieri 1950, 94-5; Geanakoplos 1959, 50), he also endowed the cities of Durrës, Vlorë, Kaninë, Sphinaritsa and Berat to his son-in-law; thereby legitimizing, from his viewpoint, the occupation of these lands by Manfred that had taken place at the end of 1257 or very beginning of 1258, i.e. after their inhabitants rose against the reinstated Byzantine administration of the delegate Georgios Akropolites (Gregoras 1829, 71-5; Kantakouzenos 1828, 19-20; Buchon 1845, 105 (note); Miklosich & Müller 1865, 240; Romanos 1895, 55-6; Dendias 1926, 223; Geanakoplos 1959, 49; Nicol 1962, 171, 177-8; Lala 2008, 19-36; Osswald 2011, 90-5, 661-7; McLaughlin 2017, 153, 369-70). The alliance between the medieval state of Epiros and the Hohenstaufen court emerged out of a combination of factors. In the course of 1257, engaged in extending his state's territory, Michael II, having regained much of western Macedonia, was marching towards Thessaloniki when Manfred of Sicily attacked him from the state's rear. At the menace of countering wars on two fronts, Michael sacrificed the state's east for gains in the west, which he hoped would include Thessaloniki and Constantinople. He thus agreed to offer Manfred peace and an alliance, recognizing the conquests he had already made in the coasts of Epiros and Albania and extending a family union, in exchange of support against the state of Nicaea (Fine 1994, 161).

The recognition of these rights over Epiros and Albania would have long-term consequences for the region. By force of the Viterbo II Treaty of 27 May 1267, by which much of the rights of the defunct Latin empire of Constantinople were transferred from Baldwin II to Charles I of Sicily, from the family of Anjou, Charles I was also ceded the dowry of Helen of Epiros (cf. Lala 2008, 11-2). As of 1268, Charles I of Anjou engages in reclaiming these rights; by 1272 he had conquered Vlorë, Durrës and much of the hinterland in between (Romanos 1985, 76-84; Lala 2008, 19-20, 32-3; Osswald 2011, 104-10). In his description of the siege of Berat, Nikephoros Gregoras is clear about the strategic plan in which Berat's occupation was part of: "Οἱ μέντοι

πολέμιοι περικαθίσαντες έπολιόρκουν τὸ τῶν Βελεγράδων ὑψηλὸν τε καί, ὡς εἶπεῖν, ὑπερνέφελον φρούριον, μελέτην ἔχοντες μετὰ τήν ἐκείνου καταστροφήν, ὡς ἐξ ὀρμητηρίου λαμπροῦ τινος κεχύσθαι καί κατὰ τῆς ἄλλης ἀπάσης δυτικῆς τῶν Ῥωμαίων ἐπικρατείας...” (Thus the enemies stationed [there] and besieged the high and, so to speak, skyrocketing fortress of Berat, having in mind -after its destruction- to use this as an excellent springboard to advance against all remaining western territory of the Romans..., Gregoras 1829, 73, II, v. 9-13).

The Byzantine state, newly reinstated in Constantinople in 1261, was determined not to leave such territorial advances unanswered, especially considering Michael VIII's strategic plans to orient the focus of the Empire's policies to the West. Thus, in 1274 Michael VIII Palaiologos ordered the recovery of Berat and some of its regions, yet, although by 1276 most of Charles' holdings had been recovered (Fine 1994, 187), other parts of the westernmost regions of Via Egnatia remained under Anjevin control (Geanakoplos 1959, 279-80). By the end of Michael VIII's campaign, Charles I of Anjou held only the port cities of Durrës and Vlorë, with their hinterland communications cut-off. At this stage, Charles began transporting a flow of mercenaries to reclaim lost lands. Towards the end of 1280 Charles I prepared for a large offensive against Berat. Gathering about 8,000 soldiers, in late 1280, Charles I's general Hugues le Russeau de Sully led the army inland from Durrës to lay siege to the fortress of Berat, the gateway to Macedonia (Gregoras 1829, 146, II, v. 4-10).

In the spring of 1281 Sully, longing for a fight, decided to spy out the land for himself and thus approached the Byzantine camp with a small group of bodyguards. There, he was arrested by Turkish mercenaries, who shot his horse and captured him. This marked the end of Charles I Anjou's inland expedition against Byzantium; one after the other the castles of Sphinaritsa, Durrës and Vlorë fall again into the hands of Byzantines. Hugues was taken to Constantinople in chains, where the triumph was celebrated in excitement. The Emperor regarded the effortless victory in Berat as evidence of divine favour to his cause and had scenes of the battle painted on the walls of Vlacherna palace (Pachymeres 1729, 971-82; Gregoras 1829, II, 145-48; Romanos 1895, 84-5; Geanakoplos 1959, 329-34; Osswald 2011, 109-10; Xhufi 2009, 43-4).

The conditions of the empire's provinces, however, were unfit for jubilations. Michael VIII's victories, however, were overall Pyrrhic, be them political, religious, military or economic (cf. Hendy 1969, 261-4; Grierson 1999a, 103-25; Angelov 2007, 253-85; Hilsdale 2014, 185-7, 269-80). He became particularly unpopular not only on account of his unionist policies, by which he polarized the empire between Arsenites and Josephites (Konstantopoulou 1933, 300), but also because of the heavy taxation he imposed to both older and newer territories of the newly reestablished Byzantine state (Konstantopoulou 1933, 300; Angelov 2007, 254, 288-9, 269-280; Hilsdale 2014, 186). Exhausted from heavy taxation and successive wars, when confronted with Charles I of Anjou's promise to bestow locals with privileges and tax breaks upon the establishment of *Regno Albaniae* (Dourou-Eliopoulou 1998, 235-6), local rulers in the westernmost regions of Via Egnatia took advantage of people's dissatisfaction (Sternon 1959; Ducellier 1981, 263; Xhufi 2006, viii; Lala 2008, 13-5); some came to terms with other western powers (e.g. the participation of the Muzaka in Philip of Taranto's coalition in 1319).

Hence, as I have elsewhere outlined (Giakoumis & Christidou 2010), a strategic plan for reversing public opinion in those remote -yet important- provinces of the Byzantine Empire was devised and implemented, which involved patronizing a huge church building, renovation or decoration project, accompanied by statements of imperial power through imagery, dynastic loyalty / continuity, glorious imperial connotation and, overall, lavish patronage. It should be noted that, as Gianvito Campobassi has demonstrated (2015 & 2015b) similar strategies of investing in tangible religious heritage, though at a lesser scale, was followed by the Anjevins in Albania. As I shall argue further below, the iconography and meaning of the Byzantine coins found in Berat and dated in the 1258-1281 period demonstrates that coinage was part of this strategy, since there were many political and military stakes which compelled the utilization of many military issues in arts during the reign of Michael VIII (Saxby 2018/1, 258-60).

3. PALAEOLOGAN MONETARY SYSTEM

Before delving into the iconography of the Palaiologan coins unearthed in Berat, dated in the 1258-1281 period, one should emphasize the

importance of coinage for both, statecraft and imperial image-making. The production and, to some extent, the circulation of coins was the prerogative of the state, whose enforcement it guaranteed by way of taxation, salaries, payments to mercenaries, etc. (Baker 2015, 220; cf. Hilsdale 2014, 158). With regards to the properties of money, one should bear in mind that “coins had value not only in the physical world of human exchange, but also in the invisible world of spirits and demons” (Maguire 1997, 1039). The capital centre controlled the production and circulation of coins also in appreciating the significance of coinage for statecraft and imperial image-making as “the mechanism through which an emperor proclaimed legitimacy and renewed Byzantine sovereignty” (Hilsdale 2014, 158-9; cf. Protonotarios 1983b; Penna 2002). In realization of the supernatural powers encapsulated in coins, the emperor’s portrait was used not only as guarantee for the monetary value of coins, but also as a kind of miracles’ working icon (Maguire 1997, 1039-40; Saxby 2018/1, 1-41), in spite of the castigation of the use of coins as amulets by the Church (cf. Maguire 1997, 1040-53).

In recent times, our knowledge with regards to the monetary system and coinage of the Palaeologan Empire after 1259 has grown significantly thanks to a number of studies (cf. Grierson 1999a, 40-54; Baker 2015, 223-4), including medieval coin finds from Albania (Baker 2015, 225). In spite of the enhancement of our understanding, Julian Baker correctly points out that the number of coins on which our knowledge is based is rather limited on account of the dominant practices of medieval field investigation by archaeological authorities in Greece and Albania concentrating on the restoration of medieval monuments (primarily churches or castles), “which produces exceedingly small number of coins” (2015, 227).

During the thirteenth century new coins from the Byzantine Empire and western states circulated alongside old alloy mints already from the Komnenos and Angelos dynasties (Oikonomidou 1981; 1992, 105). From excavations in Berat, for example, Spahiu has identified coins from the reign of Alexios I Komnenos (1081-1118) to Venetian coins of Giovanni Saranzo (1990, 185-91). Coinage for the monetary needs of the Empire was struck in four mints, in Magnesia (1258-1261 which possibly remained opened thereafter), Constantinople (since 1261),

Thessaloniki and Philadelphia through only briefly (Grierson 1982, 284; 1999a 105). Continuing the practice established by Alexius I, Michael VIII issued coinage in his name, even in the period 1272-1282 in which he was co-emperor with his son Andronikos II, having issued only special coins on the occasion of his son's coronation (Grierson 1999a, 105-6). Golden (hyperpyra) and silver coins seem to have been minted only in Constantinople (op. cit., 105, 106-15), while his copper trachea (otherwise known as copper stamena, cf. Grierson 1982, 28, 249-50; 1992a, 32) appear to have been minted almost equally in Constantinople and Thessaloniki (Grierson 1999a, 105, 116-24). Michael VIII also issued a rather limited quantity of tetarteron coinage (op. cit., 124-5).

In thirteenth-century Epiros and Albania, Byzantine coins would circulate alongside locally struck coinage and western coinage, imitative or not. The majority of Byzantine coins found in the region was struck in Thessaloniki. There is ample evidence that the Thessaloniki mint continued its operations in the course of the entire Palaeologan period, including the period under consideration in this paper (Metcalfe 1963 & 1984; Hendy 1969, 295; Bendall 1978; Grierson 1982, 281-2; Grierson 1999a, 59-61; Morrisson 2003; White 2013, 177-8, 251-6; Baker 2015, 239; Antonaras 2016a, 127; 2016b, 75). The concurrent circulation of multiple and heterogeneous coins, be these older or newer issues by past Byzantine emperors, minted in Constantinople or Thessaloniki, coins minted in the name of despots of the medieval state of Epiros, western or local imitation mints, currencies from western states in or without presence should not surprise us, as this currency and coinage diversity is rather usual not only in the wider region of Epiros and Macedonia, but also in other parts of the Byzantine state and its successor states in the Balkans from the twelfth century almost to the demise of the empire (Touratsoglou 1971, 210-6; Galani-Krikou 1992). Such diversity of coins is also observed in Arta, where, in spite of the operation of a local mint, trachea from Constantinople and Thessaloniki from the reign of Michael VIII Palaeologos have been found (Oikonomidou, Touratsoglou & Tsourti 1992, 113-4 and 119).

Coins minted in Thessaloniki circulated throughout the western parts of the Byzantine Empire and its successor states, including Epiros (Oikonomidou 1992, 102 and 121, Graph; cf. Protonotarios 1982),

Albania and the provinces of the Archdiocese of Ohrid (Morrisson 1973, 439, Nos. 7-8; 2003, 186-92; cf. Wroth 1908/II, Pl. LXXIV, No. 8). With regards to the regions of Epiros, we are aware of the existence of a coins' mint in Arta, which operated in the name of Despot Michael II Komnenos Doukas in 1230s or 1240s and from 1249 (Oikonomidou 1976; Protonotarios 1983a; Oikonomidou, Touratsoglou & Tsourti 1992, 103; Oikonomidou 1992; Baker 2015, 233). The mint is known to have issued billon trachea and tetartera during the thirteenth century, whose circulation was confined primarily in Epiros (Baker 2015, 236-7). Among other western coins found in the region under consideration, one should mention the known mints in Brindisi which produced imitative coins in the name of Manfred of Hohenstaufen or John II Orsini (Oikonomidou 1992, 103; Baker 2015, 234-5).

The warring state of affairs in the region of Berat during the period under consideration, outlined in the second section of this study, is reflected both in the coins circulated therein, as well as in the iconography of Byzantine coins of the period under consideration (Galani-Krikou 1992). Coin finds in Albania, in general (Spahiu 1979), as well as in Berat (Spahiu 1990, 185-91) testify the presence of multiple rulers with different fiscal and financial institutional frameworks. A coin presented herein (Figs. 1-2) is evidence thereof:

1. **Overstruck copper Trachy Æ / 24 mm / 2 g / 6 o'clock (Hendy 1999, Pl. XLIV, 4.2 and 4.4) (Figs. 1-2)**



Fig. 1: Emperor John III Ducas Vatatzes enthroned, overstruck copper Trachy Æ, obverse side, late 1240s - early 1250s, 24 mm, 2 g, 6 o'clock, Inv. No. 5834, Card No. 1884, Numismatics Cabinet of the National Centre for Archaeology.



Fig. 2: Standing haloed archangel Michael, overstruck copper Trachy Æ, reverse side, late 1240s - early 1250s, 24 mm, 2 g, 6 o'clock, Inv. No. 5834, Card No. 1884, Numismatics Cabinet of the National Centre for Archaeology.

Obv.: Undertype: The emperor John III Ducas, called Vatatzes, is frontally represented seated on a throne and holding a cross in his right hand and a branch of acacia in his left. Overstriking: Faint figure of standing emperor.

Rev.: The standing archangel Michael, nimbate, frontally rendered.

Ref.: Unpublished. Coin Inv. No. 5834, Card No. 1884, Numismatics Cabinet of the National Centre for Archaeology.

Prov.: Doll. 3 Siot. 9 Sector 4 (as indicated in the coin's envelop).

Date: Late 1240s - early 1250s A.D. (both strikes).

Mint: Thessaloniki (both strikes).

On a similar note, the impact of Manfred of Hohenstaufen's presence in the region is also accounted from a coin unearthed in medieval Glavenicë, modern-day Ballsh (Muçaj 2004, 206).

In the first section of this paper I have argued how coinage speaks of society and politics, if the epistemological premises outlined therein are approached with appropriate and rigorous research methods. The second section introduced the political and socioeconomic circumstances of the 1258-1281 period in the Byzantine Empire, the wider territories of Epiros and Albania, as well as the region of Berat, which shall serve as background for the interpretation of the coin finds to be presented in this paper. The Palaeologan monetary system was outlined in the third section of this study, for the purpose of contextualizing the coin finds in Berat within the wider frame of the Byzantine Empire's monetary system during the reign of Michael VIII Palaeologus. In the following section, I will present the coins of the period found in Berat and shall engage into an analysis of their iconography and meaning.

4. IMPERIAL IMAGE-MAKING, STATECRAFT AND COIN FINDS IN BERAT (1258-1281)

The departure point of this study in a conference on the role of money in wartime was the initial presentation of a total of four (or three?) coins unearthed during excavations held in Berat's Castle in 1973 and 1974 (Spahiu 1979, 411, Nos. 527 and 528; 1990, 188-9, Nos. 15-16). The reasons for which I put a question-mark next to the total number of coins published by Hëna Spahiu are multiple:

first, because the documentation of the presented coins is insufficient, especially regarding their classification numbers by which one could possibly find them. Second, because only one of them was provided in an illustration (Spahiu 1990, 303, Tab. LXVII, 8), yet, the black-and-white photograph, scanned in low resolution and printed on low-quality paper turned yellow with the passing of time made any attempt to juxtapose the photograph with the coin's description impossible, though the shape of the coin was discernibly different to coin Ó presented in this paper. Third, because the coins presented in the late archaeologist's earlier work (Spahiu 1979, 411, Nos. 527-8) were surprisingly not fully utilized in her later monograph (1990, 188-9, Nos. 15-16). In particular, although I have assumed that the coin No. 527 of the 1979 article (411, No. 527) is different from the coin No. 15 of the 1990 publication (188, No. 15 and 303, Tab. LXVII, 8), on account of the difference in weight, diameter and point of find; the strange similarities in the coins' description and inscriptions, even where the letters XM in square brackets, in the descriptions of the coins' obverse side, are apparently erroneous (cf. Table 1 below) casts some reasonable doubt to this assumption. Hence, we may eventually have to deal with three and not four coins, two of which being identical and repeated in the later publication.

Table 1: Comparison of the description of Spahiu 1979 coin No. 527 with the Spahiu 1990 coin No. 15.

<p>527. Æ ↓ 1.60 gr. 25mm. Ob.: [X.M.] The busts at the front are of the Virgin with a halo and the emperor; they hold together some kind of labarum, in whose apex there is a small cross inscribed in a circle. On the top of St Mary's head there is the symbol [ØY].</p> <p>Rev.: X M. The archangel Michael with a halo is standing frontally.</p> <p>The coin was found in the excavations of the year 1973 in the Castle of Berat (section B, K.1/b.6). It is kept in the Numismatics Cabinet of the National Centre for Archaeology.</p> <p>Cf. Sabatier 1862/II, 242, 8; Pl. LIX, 10.</p>	<p>15. Æ ↓ Ob.: The busts at the front are of the Virgin with a halo and the emperor; they hold together some kind of labarum, in whose apex a small cross is inscribed in a circle. On the top of St Mary's head: [ØY].</p> <p>Rev.: XM. The archangel Michael with a halo is standing frontally.</p> <p>The coin was found in the excavations of the year 1973 at Point C.</p> <p>Weight: 2.45 gr. Diameter: 25 mm.</p>
<p>Source: Spahiu 1979, 411, No. 527.</p>	<p>Source: Spahiu 1990, 188, No. 15.</p>

For the purpose of verifying and studying these coins I requested access to the coins of Michael VIII found in Berat held at the Numismatics Cabinet of the National Centre for Archaeology. Its directress, Prof. Dr. Shpresa Gjongecaj, eagerly granted me access to the coin holdings of Michael VIII from Berat. To my surprise, however, upon my visit she presented me with three different coins, identified herein as Coins No. 5834, 6789 and 6790. Prof. Gjongecaj informed me that the coin finds of the period from Berat were never properly indexed in the lifetime of Hëna Spahiu (1933-1992); hence, she never used any classification number in either of her publications considered in this study, which made it impossible for her to find these coins and bring them in my attention. I was equally staggered to find out that all classification numbers appearing on the envelopes of the new coins I was presented did not match to anything indexed in the National Inventory of Cultural Heritage kept at the competent Centre by the Ministry of Culture of the Republic of Albania. I am therefore obliged to cite all reference points of the coins envelopes, rather than the unique and more easily identifiable inventory number of these objects. What happened to the coins published by Spahiu or whether the coins I was presented are part of the National Inventory of Cultural Heritage are unknown to me. The disorderly status of these coins' inventories not matching the willingness of the people working in the aforementioned institutions to help me in my research, I hope that in the future I will be able to avail by Prof. Shpresa Gjongecaj's invitation to volunteer to sort out the medieval coins section of the Numismatics Cabinet of the National Centre for Archaeology. The fact of this matter, however, confirms the rather low interest to medieval numismatics demonstrated to date by the archaeological authorities in Albania.

This said, the description and documentation of the coins taken into consideration in this study are structured on the basis of Philip Grierson's typologies in his catalogue of late Byzantine coins in the Dumbarton Oaks and Whittemore collections (1999a). All three coins I had direct access to and which are photographically reproduced in this study (Figs. 3-7) are scyphate (concave) and only portions of the design appear on flans, especially on the coins' reverse side. These three coins and the other four presented by Spahiu (1979, 411; *Ibid.* 1990, 188-189, Tab. LXVII on p. 303) date from this uneasy period of time (1258-1281) and have been unearthed in the course of excavations

conducted in the Castle of Berat in 1971, 1973 and 1974. Their passport and description is provided below:

1. Variant (?) of Types 49-50 (Grierson 1999a, 122; cf. Saxby 2018/l, 269):
2. Copper trachy Æ / 25 mm / 1.92 g / 6 o'clock (Fig. 3)



Fig. 3: Enthroned emperor Michael VIII Palaeologos, copper trachy Æ, obverse side, 1258-1272 (?), 25 mm, 1.92 g, 6 o'clock, Numismatics Cabinet of the National Centre for Archaeology.

Obv.: ΧΜΑΗΛ... Ε. ΠΟΤ... ΠΑΛΕ. The emperor is frontally represented seated on a throne and holding a cross in his right hand and a scroll in his left.

Rev.: Ο ΑΓΙΟΣ-ΜΙΧΑΗΛ. The standing archangel Michael, nimbate, frontally rendered.

Ref.: Spahiu 1990, 189 and Pl. LXVII on p. 303.

Prov.: Sector B of 1974 excavations in Berat's Castle.

Date: 1258-1272 A.D. (?)

Mint: Thessaloniki (?)

II. Type 42:

3. Copper trachy Æ / 25 mm / 2.45 g / 6 o'clock

Obv.: ΘV. Half-length figure of the Virgin nimbate and the emperor Michael VIII. They are holding a sceptre topped with a cross inscribed in a circle.

Rev.: ΧΜ. The archangel Michael, nimbate, frontally rendered.

Ref.: Spahiu 1990, 188.

Prov.: Sector C of 1973 excavations in Berat's Castle.

Date: 1258-1282 A.D. (?)

Mint: Thessaloniki (?)

4. Copper trachy Æ / 25 mm / 1.60 g / 6 o'clock

Obv.: Χ.Μ. ΘV. Half-length figure of the Virgin nimbate and the emperor

Michael VIII holding a sceptre topped with a cross inscribed in a circle.

Rev.: XM . The archangel Michael, nimbate, frontally rendered.

Ref.: Spahiu 1979, 411, No. 527.

Prov.: Sector B of 1973 excavations in Berat's Castle. Kept in the Numismatics Cabinet of the Institute of Archaeology.

Date: 1258-1282 A.D. (?)

Mint: Thessaloniki (?)

5. Stamenon Æ / 25 mm / 2.45 g / 6 o'clock

Obv.: $\text{X.M.} \Theta\text{V}$. Half-length figure of the Virgin nimbate and the emperor Michael VIII holding a decorated sceptre topped with a cross inscribed in a circle.

Rev.: O.AΓ(ΙΟΣ) XMHΛ . Medallion with the archangel Michael, frontally rendered.

Ref.: Spahiu 1979, 411, No. 528.

Prov.: Sector C of 1973 excavations in Berat's Castle. Kept in the Numismatics Cabinet of the Institute of Archaeology.

Date: 1258-1282 A.D. (?)

Mint: Thessaloniki (?)

III. Type 39 (Grierson 1999a, I, 121; II, Plate 9, Nos. 147-9; cf. Saxby 2018/I, 267):

6. Large-module billon trachy / 26 mm / 2.46 g / 6 o'clock / 1258-1272 (Figs. 4-5)



Fig. 4: Three-quarter-length figures of emperor (left) and a haloed St Demetrios (right), large module billon trachy, obverse side, 1258-1271, 26 mm, 2.46 g, 6 o'clock, Inv. No. 6790, Card No. 1883, Numismatics Cabinet of the National Centre for Archaeology.



Fig. 5: Standing and haloed archangel Michael, large module billon trachy, obverse side, 1258-1271, 26 mm, 2.46 g, 6 o'clock, Inv. No. 6790, Card No. 1883, Numismatics Cabinet of the National Centre for Archaeology.

Obv.: ΑΔ Three-quarter-length figures of emperor at the l. and a haloed St Demetrios at his r. They are holding a labarum topped by a cross in a crescent, which leaves the upper arm of the cross open.

Rev.: Three-quarter-length figure of the archangel Michael, nimbate, frontally rendered.

Ref.: Unpublished. Coin Inv. No. 6790, Card No. 1883, other recorded numbers Nr. E 24, Numismatics Cabinet of the National Centre for Archaeology.

Prov.: Sector B (K.I/b.6) of 1973 excavations in Berat's Castle.

Date: 1258-1271 A.D.

Mint: Thessaloniki

IV. Variant of Type 42 (Grierson 1999a, I, 122, No. 42; II, Plate 9, No. 150; cf. Saxby 2018/I, 267):

7. Variant 42-B: Small-module billon trachy Æ / 23 mm / 2.47 g / 6 o'clock (Figs. 6-7)



Fig. 6: Haloed Virgin (right) and emperor Michael VIII Palaeologos (left), small module billon trachy, obverse side, 1258-1282, 23 mm, 2.47 g, 6 o'clock, Inv. No. 6789, Card No. 1882, Numismatics Cabinet of the National Centre for Archaeology.



Fig. 7: Haloed archangel Michael, small module billon trachy, reverse side, 1258-1282, 23 mm, 2.47 g, 6 o'clock, Inv. No. 6789, Card No. 1882, Numismatics Cabinet of the National Centre for Archaeology.

Obv.: Three-quarter-length figures of the nimbate Virgin and the emperor Michael VIII with his r. palm on his abdomen. They are holding a labarum topped with a fleur-de-lis inscribed in a circle.

Rev.: Three-quarter-length figure of the archangel Michael, nimbate, frontally rendered.

Ref.: Unpublished. Coin Inv. No. 6789, Card No. 1882, Table No. 45.3, other recorded numbers 2774 and Nr. 528, Numismatics Cabinet of the National Centre for Archaeology.

Prov.: Sector C of 1973 excavations in Berat's Castle.

Date: 1258-1282 A.D.

Mint: Thessaloniki

Having summarized the key identification elements of the coins under consideration in this study, whose dimensions match the dimensions of

tested coins (Morrisson & Zacos 1978, 59, Table 2), the following section will deal with these coins' iconography.

5. DISCUSSION

The passports of coins No. 2-7 above indicate that two of them belong to variants of known types, alas only for coin 7 this can be stated with some certainty, as I had no direct access to coin 1 and had therefore to rely on Hëna Spahiu's descriptions. I shall restrict myself to analyse the variant of the coins I have had direct study access to. Coin 7 is very similar to the coin representing Type 42 (Grierson 1999a, I, 122, No. 42; II, Plate 9, No. 150) and two other coins described by Sabatier (1862/II, 242-3, Nos. 8-9 and Pl. LIX, Nos. 10-11). Yet, the Virgin and Michael VIII are holding a much more complex labarum with a handle and two knobs, a triangular top-base holding a larger knob at its top, in whose apex there is a fleur-de-lis inscribed in a circle (Fig. 6). The presence of the lily flower on coins is not rare. The inscribed fleur-de-lis of coin 6 is probably derived from the reverse type of the Florentine golden city emblem, although a local origin may not be excluded altogether (Touratsoglou 1971; Morrisson 2003, 184). We are therefore dealing with a variant of Type 42, I suggested Type 42-B leaving type 42-A for similar coins whose iconography differs only in the cross and labarum variant of the lily flower and labarum of our coin 6. If future research confirms that coin 2 also is a variant, then, the existence of two Coin 6 (Figs. 4-5) is rather demonstrative of its type. Coins of the same type have been found in Thessaloniki (Georgantelli 2001, 82 and 85, Pl. 2/6) Arta (Mattingly 1923, 32, Class I, Pl. III, 1), which has been erroneously attributed to Michael II of Epiros, and other places, currently found in Dumbarton Oaks (Grierson 1999a, I, 122, No. 42; II, Plate 9, No. 150; cf. Morrisson 2003, Coin No. 29; Saxby 2018/1, 267), the Ashmolean Museum (Lianta 2009, 210 No. 526, dated 1259-1271), the American School of Classical Studies, Athens with provenance from the "Capstan Navy Cut" Hoard (Walker 1978, 48, CNC 3-6 and Pl. 7, CNC 4 and 6); others have been published by Sabatier (1862/II, Pl. LIX, 10), erroneously attributed to a "Latin emperor," (Schlumberger 1878, Pl. XIII, No. 21) which is erroneously indicated as struck in the name of some despot of Epiros. Some web research revealed a number of similar auctioned coins:

- i) Ira and Larry Goldberg, Coins and Collectibles, Sale 55, lot 604; cf. http://www.wildwinds.com/coins/byz/michael_VIII/t.html.
- ii) Numismatic Naumann (formerly Gitbud & Naumann), Auction 71, lot 686; cf. <https://www.coinarchives.com/a/lotviewer>.
- iii) Numismatic Naumann (formerly Gitbud & Naumann), Auction 65, lot 848; cf. <https://www.coinarchives.com/>
- iv) Numismatic Naumann (formerly Gitbud & Naumann), Auction 67, lot 829; cf. <https://www.coinarchives.com/>

Comparing coin 6 with the aforementioned coins, it came to my attention that, contrary to what has been written to date, except for the observation by Morrisson (2003, 183-4 and Fig. 29), Type 39 has mistakenly been described as containing an inscribed cross on the top of a staff or labarum held by Michael VIII and the Virgin. The circle does not close at the cross' top arm (Fig. 4), thereby forming a type of cross which was preferred among the Bogomils and Cathars (Oikonomidis 1988; cf. Morrisson 2003, 183-4, n. 52). The interpretation of the meaning of this cross remains an interesting topic for future research.

The frequency of appearances of various figures in the coins studied herein is presented in Table 2 below:

Table 2: Frequency of appearances of various figures in the coins studied herein.

	Michael VIII	Archangel Michael	Virgin	St. Demetrios
Coin 2	√	√		
Coin 3	√	√	√	
Coin 4	√	√	√	
Coin 5	√	√	√	
Coin 6	√	√		√
Coin 7	√	√	√	
TOTAL	6	6	4	1

The high frequency of the appearances of the Archangel Michael and of the Virgin Mary indicate conscious choices which necessitate some discussion.

Having outlined how coinage was used for imperial image-making and statecraft, I have no doubt that the presence of the Virgin in four of the coins presented in this study, next to the emperor, implies her approval of his tumultuous reign, including his unionist policies. In another type of Palaeologan coin the Virgin even appears crowning Michael VIII Palaeologos (Saxby 2018/II, 21, Fig. 52). Rather baldly, when compared to previous practices (Hiltsdale 2014, 153-4), the presence of Christ or the Virgin alongside the emperor, once introduced by Michael VIII in coinage and other artistic media, continued to the end of the empire (Morrisson & Zacos 1978, 62-3). Michael VIII's painstaking efforts to counter the bad impressions of his unionist policies to the people, a good part of the clergy and especially the monks by invoking Christ and the Virgin is also seen in the inscription next to his portrait on the northern part of the eastern wall of the exonarthex of the Monastery of the Nativity of the Virgin Mary at Apolloni, Fier (central Albania): **[Μιχαήλ ἐν Χριστῷ τῷ Θεῷ πιστὸς | βασιλεὺς] και αὐτοκράτωρ [Ρωμαίων] | 2 νέος Κωνσταντίνος Κομνηνός Δούκας Ἄγγελος | 3 ο Παλαιολόγος ο ὡς ἀλη|4θως φιλόχριστος και φι|5λομόναχος** ([Michael in Christ God faithful king] and e[mp]eror of the Romans] new Constantine Komnenos Doukas Angelos the true lover of Christ and friend of asceticism (cf. Buschhausen H. & H, 146-147). The imperial portraits of Michael VIII Palaeologos on coins are thus to be considered alongside other such portraits in diverse media such as frescoes (e.g. Giakoumis-Christidou 2010) and manuscripts (Saxby 2018/I, 244).

The presence of the emperor's namesake, the Archangel Michael, in all coins published herein follows conventions and practices already observed from the eleventh century, the reign of Michael IV, especially in coins struck in Thessaloniki, a practice which became rather common after 1204 (Hiltsdale 2014, 154, 162-7). As Cecily Hiltsdale has observed (2014, 162-7), "[i]n many of the coins, St Michael assumes a position of close contiguity to the imperial body and acts as agent of both protection and presentation," as he appears as both warrior and archangel (2014, 163; cf. Saxby 2018/I, 257-8). Some Byzantine sovereigns are known to have enhanced this relationship by portraying themselves as winged emperors, i.e. "images where the ruler is accompanied by wings, but does not necessarily have wings attached to his body as does St Michael" (Morrisson 2003, 185-6). This, combined with the association of the ruler with Michael in frescoes, as

in the case of the narthex of St Nikolaos Monastery at Perhondi, Berat (Fig. 8), strengthens what Cecily Morrisson hesitated to accept, i.e. that “the emperor was associated with angels” (2003, 185-6; cf. Bertelè 1951; Pomero 2008).



Fig. 8: Anonymous, Archangel Michael below Andronikos III Palaeologos, 1316-7, fresco, southern wall of bell tower, Monastery of St Nikolaos at Perhondi, Berat.

The association of imperial imagery with the Archangel Michael should also be linked with the depiction of emperors associated with the military saints Demetrios (as in coin 6), Merkourios, Minas and James Intercisus (St Jacob the Persian) in the northern side of the exonarthex of the Monastery of St. Nicholas at Perhondi, dated by Christidou (2010; cf. Giakoumis-Christidou 2010) in 1316-1317, and the inner sides of the arch therein (Fig. 9). On the other side, below a second pair of imperial portraits, we observe the representation of the Archangel Michael. The portrayal of the Palaeologan emperors Michael VIII, Andronikos II and Andronikos III next to the Archangel Michael and military saints is also to be observed in the northern part of the eastern wall of the narthex of the Holy Trinity Church in the Castle of Berat, whose fresco decorations were dated by Christidou in 1301-1303 (2010; cf. Giakoumis-Christidou 2010).



Fig. 9: Anonymous, Andronikos II Palaeologos and Archangel Michael below him, 1316-7, fresco, southern wall of bell tower, Monastery of St Nikolaos at Perondi, Berat.

The association of emperors with archangels is not novel. Such links were earlier made, as, for example, in the Sinai gr. 364, f. 3r, Paris gr. Coislin 79, f. 2v, or Paris, gr. 510. Especially the Archangel Michael was projected as protector of the homonym first Palaeologan emperor (Christidou 2010, 556-7) and this was strengthened through the circulation of coinage. The privileged relation between emperors and the Archangel Michael reaches such levels of amalgamation, as to reach the peculiar iconography of winged emperors, a novelty of the mint of Thessaloniki (Morrison 2003), as one can observe in this example of a billon trachy representing John III Vatatzes (1246-1254). The Archangel Michael has been associated with a “militant” imperial representational tradition and the idea of imperial victory already from the tenth century (Pencheva 2006, 83-6). The addition of military saints in the two churches from which comparative evidence was drawn in this paper points to earlier manifestations of imperial triumph, which turned to be an important element of early Palaeologan imperial ideology. Similar examples in the church of the Virgin Mavriotissa in Kastoria and elsewhere might be interpreted as an iconographic device in support of another ideologeme of the early Palaeologan political theory: the emperor’s divinity (Angelov 2007; Christidou 2010, 557).

In this context, the Thessaloniki mint, serving the defensive purposes of the western provinces of the Byzantine Empire in the course of the rule of the Palaeologoi, acquired a quasi-warlike character in the iconography of coins issued therein (Saxby 2018/1, 177-8, 251-6). As is, to some extent, corroborated in this paper, preference was given to the archangel Michael and military saints as St Demetrios, St George, St Theodore, which is also the case for Michael VIII (Lianta 2009, 207-15, 219-20). The invocation of these military saints, divine patrons in war (White 2013, 32; Saxby 2018/1, 48-54), was also extended in times of insecurity and precarious imperial control (Saxby 2018/1, 1-41). It is known that military saints, as well as the archangel Michael, belonged to a distinct group of saints in early Christianity, whose attributes were invoked to the defence of cities and the provision of supplies and help to armies (Saxby 2018/1, 48-54). Hence, they would be rendered in different media, including coins, whose paramount importance in warring times enhanced the military symbolism of these saints struck on coins throughout the Palaeologan times (Saxby 2018/1, 173-350).

To conclude, the analysis above indicates that the circulation of Byzantine coins in Berat during the warring 1258-1281 period fits under the wider imperial concerns and communication policies, aiming at strengthening the Byzantine identity in a region in which it suffered a great deal. The persistent association of emperor Michael VIII with the Archangel Michael in coins circulating in the city during this period can thus be viewed as evidence of the attempts of the dwindling empire to re-win the hearts and minds of its subjects in the remote westernmost provinces of Via Egnatia. The coins presented herein are published for the first time. The interpretation of their iconography in rapport of the use of art in wartime has been emphasized in scholarship as I have demonstrated. Hence, while the findings in Berat are probably confirming already existing knowledge, the Byzantine-Anjevin warfare in Berat may well have contributed to the consolidation of this iconography.

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DATA ON MONETARY CIRCULATION IN DRISHT

*Paulin Pushimaj**

This study aims to present, in a separate catalogue, the ancient coins found in the medieval city of Drisht¹ during 2014-2017.

The study of coins, in addition to numismatic information, complements the overall body of knowledge surrounding historical developments and economic relations of Drisht throughout the centuries.

Drisht is situated around 14 kilometres North-East of Shkodra and constitutes a particular case (alongside Berat). Evidence has been documented of uninterrupted life in this place from prehistoric times to the present day² (fig. 1). Archaeological missions and excavations in recent years³ have brought to light an affluence of imported materials (glassware, ceramics, etc.), which evidence the economic development stage and trade relations of Drisht with other countries in the region, notably Italy.

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- 1 *Archaeological research in Drisht were undertaken in the framework of individual work, in preparation for the degree "Doctor of Science", and have the objective of studying the city in architectural and material culture terms from antiquity to Medieval times. Not being a numismatic specialist, the study does not pretend to exhaust all the issues related with coins or their circulation, a task that remains for the future.*
- 2 *Currently, seven families live within the walls of the Castle of Drisht, in the Kala neighbourhood. During the search was found a bronze axe and a tomb stone with inscription in Latin: Ippen 1907, 176, fig. 4; 186, fig. 18, while on the Muzhila hill were found ceramic materials of the III cent. A.D.: Jubani 1986, 125-127.*
- 3 *Pushimaj 2016, 231; Pushimaj 2017/a, 235; Pushimaj 2017/b, 773; Pushimaj 2018.*

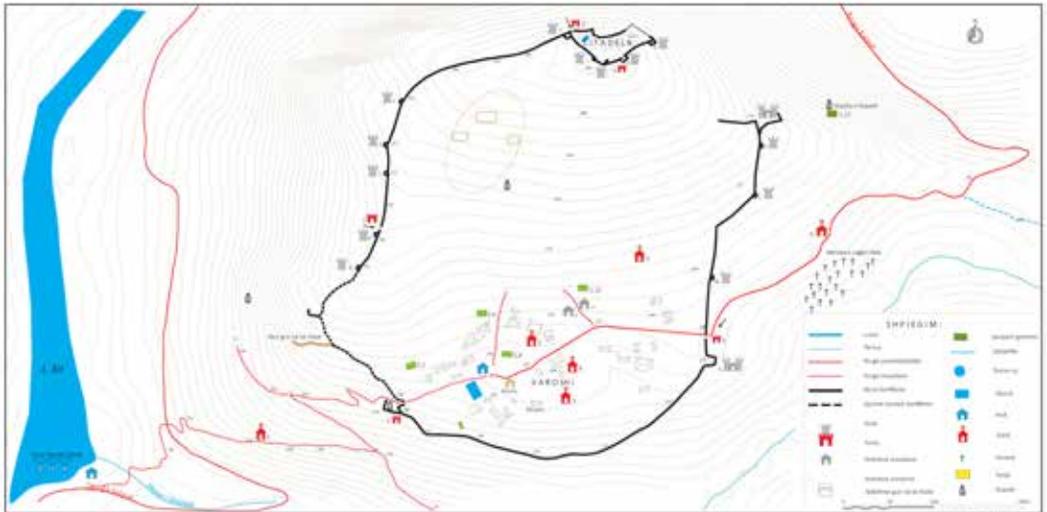


Fig.1. Planimetric map of Drisht

The presence of coins from various states (tab. 1 is evidence of the transformation of the closed feudal economy and the spread of the product-currency exchange practice.

Table 1 Medieval and post-medieval coins found in Drisht.

Century	XII	XIII	XIV	XV	XVI	XVII	XVIII	XIX	Total
Byzantine	1	-	-	-	-	-	-	-	1
Drisht	-	-	1	-	-	-	-	-	1
Kotor	-	-	5	2	-	-	-	-	7
Bar	-	-	2	-	-	-	-	-	2
Shkodra	-	-	-	2	-	-	-	-	2
Ulcinj	-	-	2	-	-	-	-	-	2
Serbian	-	1	1	-	-	-	-	-	2
Šibenik	-	-	-	1	-	-	-	-	1
Venice	-	-	2	3	-	-	-	-	5
Ottoman	-	-	-	-	-	-	1	1	2
Austrian	-	-	-	-	-	-	-	1	1
Un-identified coins									8
Total	1	1	13	8	-	-	1	2	34

Burimi: Gjetje të autorit.

Evidencing, documenting and studying the coins is particularly important and makes a relevant contribution. Monetary circulation is directly related with political and economic events, and some of them are reflected in medieval historical sources.

I think it is interesting, in the context of the study, to briefly present some of the moments that marked Drisht's history, like military conflicts, or economic developments and trade relations. In the old catalogues of Greek bishops, Drisht is described to be under the metropolis of Durrës. For a long time it was under the rule of Byzantium⁴. In 1185, Drisht was occupied by Stefan Nemanja⁵. During the Serbian rule, the city had its own officials and laws, while the King was represented by a Comes⁶. In 1242, Drisht was attacked and destroyed by the Tartars⁷. During 1280-1324, Queen Helena, wife of the Serbian King Uroš I, oversaw a number of reconstructions, especially churches⁸. In 1356, Drisht is once again occupied by the Serbs⁹. Under the rule of the Balsha House, Drisht issued its autonomous currency with the inscription "Civitas Drivasti"¹⁰, with some variations¹¹. During 1395-1396, Drisht seems to be under Ottoman rule¹². In 1396, it comes under the rule of the Venetian Republic, which recognised its antiqua statua, defined the borders with Shkodra and nominated Paolo Nani as podestà¹³. In 1421, Drisht is occupied by the troops of the Serbian Despot Stefan Lazarević¹⁴. It remained under his rule up to 1442, when it returned under Venetian rule (1442-1478)¹⁵, until it was occupied by the Ottoman Empire. From a well-known diocese, slowly the inhabitants of Drisht, like many other residents of the Postriba region, converted from Christianity

4 Spahiu 1979, pg. 356; Malaj 2015, pg. 40.

5 Valentini 1979, I/113.

6 Jireček 1916, pp.111-112.

7 Gelcich 1880, p. 75; Fine 1994, p. 155; Malaj 2011, p. 25.

8 Sufflay 1924, p. 27.

9 Theiner-Rački 1863, dok.320.

10 Sufflay 2004, p. 29; Malltezi 1982, p. 138; Drishti 2000, p. 62.

11 Stokert 1999, p.228, CNI VI, f.449, Tav. XXIX, n. 4-5 Jovanovic 2002, p.96; Tafilica 2013 pp. 75-76, fig 1-4

12 Jireček 1916, p. 78.

13 Cordignano-Valentini 1937-1940, dok. 238, 249, 265, 267, 589.

14 Malaj 2015, f. 64, 86 -91.

15 Jireček 1916, p. 112; Milutinović 1985, p. 43; Malaj 2015, p. 93.

to Islam, a process that ended in 1702¹⁶. The Ottoman occupation over the Albanian territories lasted until 1912, when Albania declared its independence.

As far as the economy is concerned, historical sources from the medieval period abound in information related to the development of handicrafts, cultivation of agricultural crops, taxes and trade rights. During the XI century, Byzantium replaced the tax in kind with tax in money, which ushered a new development phase in trade relations¹⁷. While until then was a city based on military-administrative rules, and favoured by its geographical position (an intersection along the Shkodra-Drisht-Plava line¹⁸), Drisht was transformed into a crafting and trade centre.

Among the crafting activities we may mention pottery, silkworm cultivation and weaving, metalworking for working tools as well as silver jewellery¹⁹.

Before the eventual occupation of the city by the Ottomans, a renowned family by the name *Moneta* lived in Drisht. Its name relates directly to *moneta*, "coin"²⁰.

Thanks to the appropriate geographic position, grains, vineyards, olive trees, vegetables and fruits were cultivated²¹. These products, in addition to consumption in the domestic market, were exported to Shkodra and as far as Plava²², or through St. Sergius port to Italy²³.

According to historical sources, Ragusan and Venetian traders had been present in Albania since the XI century²⁴. During the XIII-XV century, alongside Southern Italian traders, traders from Zara and Kotorr were also active in the territory of Albania²⁵. In the XV century, the Republic of

¹⁶ *Drishti* 2000, p. 67.

¹⁷ *Islami – Frashëri* 1959, p. 184

¹⁸ *Baçe* 1984, p. 61.

¹⁹ *Buda* 1985, p. 208; *Islami - Frashëri* 1959, pg. 217.

²⁰ *Luli* 1989, p. 208.

²¹ *Drishti* 2000, p. 62.

²² *Baçe* 1984, pg. 61.

²³ *Malltezi* 1982, p. 136-138, 140.

²⁴ *Han-Zecchin* 1975, pp. 79-96; *Ferri* 2015, p. 40.

²⁵ *Malltezi* 1982, p. 137.

Venice would impose its full political-economic power²⁶.

Historical sources also refer to the customs office of Drisht, which was in the area still named the "Customs Field"²⁷.

An important element in trade relations, since the Middle Age, was also lending. Referring to the data on this phenomenon, it appears that in the second half of the XIV century, obtaining loans in Dubrovnik was an important part of the trade relations between Drisht and Dubrovnik²⁸.

While the number of the coins included in this catalogue is modest, and does not allow us to draw accurate conclusions, it constitutes an indicator of the economic and cultural development of Drisht, a development also dictated by the political-military events cited above. In the future large-scale archaeological excavations would enrich the chronological archive of the coin collection of Drisht.

CATALOGUE

The coins are found in the Kala (Varosh) neighbourhood and in the Muzhila hill where that the market of the city is believed to have been situated. They are of base metal [bronze (AE), silver (Ag), alloy (M)], and span the period from the end of the XII century until 1912. With the exclusion of the coins no. 1, 7, 24, 25, the rest are casual findings and such without a context. For each object, a technical file has been compiled, accompanied by the issuing authority indicator showing the date, metal alloy, weight, dimensions, axis orientation (Ak.) and comparisons (CNI = Corpus Nummorum Italicorum).

²⁶ Božić 1983, p. 16.

²⁷ Sheldija 1958, p. 17 (the doc. is conserved at the Archive of the Institute of History, Tirana, G-I-24, no. inv. 1780); Ashta 1982, pg. 2.

²⁸ Mala 1992, p. 170-171; Milutinović 1988, p. 43.

Constantinople



1. ALEXIOS III ANGELOS KOMNENOS (1195-1203).

Aspron Trachy. M, 29 mm. 3.90 gr. Ak. 7.

Ob/ Christ crown with halo, above the Christogram IC - XC, seated on the throne in front, right hand raised high, Bible on the left.

Rev/ Alexios and St. Constantine standing, holding the long patriarchal cross.
Muzhila 2015 So.14. Inv. n.1

Drisht



2. AUTONOMOUS XIV-XV CENTURY.

Folar. M, 21 mm. 2.39 gr. Ak. 7.

Ob/ St Mary seated in a very ornate throne, with halo on head. On her lap, to the right she holds baby Jesus.

Rev/ Jesus standing with halo and around the legend DRIV.

Comp.: CNI, VI, pg. 449-450, tav. XXIX, n. 5; Jovanovic 2002, pg. 96, fig. 2; Tafilica 2013, pg. 75, fig. 2.

Kotor



3. AUTONOMOUS (1186 - 1369).

Folar. M, 20 mm. 2.23 gr. Ak. 5.

Ob/ CIVITAS CATARI and the Castle of the city

Rev/ SANTE — TRIFON. St. Tryphon with halo and a cross in his hand.

Comp.: CNI, VI, pg. 292, tav. XXVI n. 19; Jovanovic 2002, pg. 79, fig. 8.



4. AUTONOMOUS (1186 - 1369).

Folar. M, 19 mm. 1.33 gr. Ak. 11.

Ob/ CIVITAS CATARI and the gate of the city

Rev/ SANTE — TRIFON. St. Tryphon with halo and a cross in his hand.

Comp.: CNI, VI, pg. 293, tav. XXVI n. 21.



5. AUTONOMOUS (1186 - 1369).

Folar. M, 19 mm. 0.67 gr. Ak. 5.

Ob/ The Castle of the city

Rev/ St. Tryphon with halo and a cross in his hand.



6. AUTONOMOUS (1186 - 1369).

Folar. M, 19 mm. 1.10 gr. Ak. 12.

Ob/ The Gate of the city

Rev/ St. Tryphon with halo and a cross in his hand.

Comp.: CNI, VI, pg. 293, tav. XXVI n. 21.



7. AUTONOMOUS (1186 - 1369).

Folar. M, 21 mm. 1.32 gr. Ak. 5.

Ob/ The Gate of the city

Rev/ St. Tryphon with halo and a cross in his hand.

Drisht 2016, Church IV, So. XI. Inv. n. 2



8. AUTONOMOUS (1346-55).

Folar. M, 21 mm. 1.52 gr. Ak. 11.

Ob/ S-TR-FO. The Emperor with crown standing in front.
 Rec/ CAT-ARI. St. Tryphon with halo and a cross in his hand.
 Comp.: Jovanovic 2002, pg. 79, fig. 5.



9. AUTONOMOUS (1346-55).

Folar. M, 18 mm. 0.91 gr. Ak. 5.

Same with no. 8.

Bar

10. AUTONOMOUS (1378 - 1405).



Folar. M, 20 mm. 1.92 gr. Ak. 8.

Ob/ TI-ARI. St. George, standing in front, with halo on head and lance in his hand.
 Rev/ S G. St. George on horse killing the dragon.

Comp.: CNI, VI, pg. 285, tav. XXVI n. 15; Jovanovic 2002, pg. 89, fig. 3.



11. AUTONOMOUS (1378 - 1405).

Folar. M, 20 mm. 1.98 gr. Ak. 3.

Ob/ Gothic letter "G" and the name of the patron saint (St. George), with Ω above, a star in the middle and three pearls around.

Rev/ A TI BAR. Gothic first letter "A" of the name of the city in the centre with Ω above.

Comp.: CNI, VI, pg. 285, tav. XXVI n. 6; Jovanovic 2002, pg. 89, fig. 1. Tafilica 2013, pg. 79, fig. 4.

Shkodra



12. ZUANNE BOLDËI (1435-37).

Folar. M, 19 mm. 2.36 gr. Ak. 6.

Ob/S. Shield Rev/S-STE-FANE. St. Stefan standing in front.

Comp.: CNI, VI, pg. 552, tav. XXXII, n. 14-16; Jovanovic 2002, pg. 94, fig. 5; Tafilica 2013, pg. 72, fig. 1.



13. AUTONOMOUS.

Folar. M, 18 mm. 0.99 gr. Ak. 6.

Ob/-TARIN-. Shield with stars above. Ob/-TE. St. Stefan standing in front. Comp.: CNI, VI, pg. 552, tav. XXXII, n. 15.

Ulcinj



14. STEFAN UROŠ IV DUŠAN (1346-1355).

Folar. M, 19 mm. 1.71 gr. Ak. 3. Ob/ The Emperor seated on the throne of two united lions, in front, holding in his hands the sceptre and the glove with cross.

Rev/ S-ARI. The Virgin in front, standing, with the hand outstretched sideways.

<https://www.acsearch.info/search.html?similar=1043995>



15. FOLAR. M, 18 MM. 1.47 GR.

Folar. M, 18 mm. 1.47 gr. Ak. 4.

Same with no. 14.

Serbia



16. STEFAN UROŠ MILUTIN, 1275 – 1321.

Grosz. AG, 15 mm. 0.36 gr. Ak. 6.

Ob/ The King seated on the throne, a sceptre in his right hand, the globe with the cross on the left.

Rev/ Jesus Christ seated on the throne, in front.

Comp.: Jovanovic 2002, pg. 23, n. 10



17. STEFAN UROŠ IV DUŠAN (1331 - 1355).

½ Dinar. AG, 15 mm. 0.36 gr. Ak. 9.

Ob/ The King and Queen, with crown and sceptre, holding together a cross.

Rev/ Jesus Christ seated on the throne with halo and the Bible in his hand.

Comp.: Jovanovic 2002, pg. 42, n. 46.

Sebenico - Dalmatia



18. REPUBLIC OF VENICE (1485-1498).

Bagattino. M, 16 mm. 0.70 gr. Ak. 7.

Ob/ Archangel Michael, winged and with halo, standing, with a spear in his right hand and globe with cross in the left, piercing and treading on the dragon that wriggles under him.

Rev/ Legend unreadable. Lion.

Comp.: CNI, VI, pg. 568, tav. XXXII, n. 13.

Venice



19. FRANCESCO FOSCARI (1423-1457).

4 Denar. AG, 16 mm. 0.63 gr. Ak. 1.

Ob/ FRA FOSCARI DVX - Cross

Rev/ S MARCUS VENETI - Lion with halo, holding a sword in its right forward paw.

Comp.: CNI, VII, pg. 123, tav. V, n. 4.



20. FRANCESCO FOSCARI (1449).

Grosh. AG, 12 mm. 0.30 gr. Ak. 2.

Ob/ FRA FOSCARI DVX - The Doge standing, turned to the left, with flag, in the field on the right side the initial of the massaro M M (the treasurer Marin Morosini).

Rev/ Lion.

Comp.: CNI, VII, pg. 123, tav. IV, n. 27.



21. FRANCESCO FOSCARI (1423-1457).

½ Grosh. AG, 18 mm. 1.47 gr. Ak. 2.

Ob/ The Doge standing, turned left, holding the flag in front.

Rev/ St. Mark with halo, seated in front, giving a blessing.

Comp.: CNI, VII, pg. 123, tav. IV, n. 29.



22. GIOVANNI SORANZO (1312-1328).

Grosh. AG, 17 mm. 0.82 gr. Ak. 11.

Ob/ St. Mark in front giving the flag to the Doge, above in the centre DVX.

Rev/ Jesus Christ seated on the throne, in front.

Comp.: CNI, VII, pg. 57, tav. III, n. 2.



23. ANDREA CONTARINI (1300–1382).

Soldino. AG, 12 mm. 0.22 gr. Ak. 11.

Ob/ The Doge standing, turned left with a flag, on the right the initial of the massaro.

Rev/ Lion.

Comp.: CNI, VII, pg. 94, tav. IV, n. 3.

Ottoman



24. MUSTAFA III (1757-1774).

Kurush. AG, 16 mm. 0.29 gr. Ak. 1.

Ob/ Tughra (personal signature of the Sultan) without star.

Rev/ Legend of the denomination with year of issuing.

Drisht 2016, Church IV, So. XI. Inv. n. 3



25. ABDUL MEJID (1839-1861).

Qirish. AG, 25 mm. 5.73 gr. Ak. 6.

Ob/ Tughra personal signature of the Sultan.

Rev/ Legend of the denomination with year of issuing.

Drisht 2016, Church IV, So. XI. Inv. n. 4.

Austro-Hungarian



26. FRANZ JOSEPH I (1848-1916).

Korona. AE, 17 mm. 1.67 gr. Ak. 12.

Ob/ In the centre the two-headed eagle with crown. The Austrian shield on the eagle's chest. Decorated with a ring of pearls.

Rev/ In the centre, within the symbol of the crown, the symbol of the value, a leafed branch and the date, in three rows. The border with pearls.

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ALBANIAN CAPTIVES, PIRATES AND PRIVATEERS IN THE MEDITERRANEAN. CAPTIVITY AND REDEMPTION OF CAPTIVES AS AN ECONOMIC ACTIVITY DURING THE 16TH-17TH CENTURIES.

*Dr. Ardian Muhaj**

The 16th-17th centuries are a period of blooming of slavery, piracy and captivity of people in the Mediterranean. But above all, these two centuries have seen the boom of navigation in the Mediterranean. It is precisely this great development of navigation which causes the increase of the captivity of people as a secondary consequence. The particularity of the Mediterranean navigation in these two centuries is that apart from the volume of trade, increased also the geography of navigation. Due to the closed nature of the Mediterranean and the medium or subtropical climate, without a steady stream of winds, sailing on this great sea that joins three continents, depended on the human labour that in some respects was the motor power of the ships. The political reconfiguration of the Mediterranean in the sixteenth century more than the development of trade made necessary the even wider use of human power for the movement of ships through rowing. The demand for sailors multiplied compared to the fifteenth century due to the extension of three of the main political forces on both of its shores. Before the sixteenth century no Mediterranean state was transcontinental, or stretched on both shores of the Mediterranean. But the occupation of Ceuta, Tangers, Alcácer Quibir, by the Portuguese in Morocco; and of Tuniz, Oran, Melilia by the Spanish in North Africa; the occupation of Egypt and the expansion in Algeria of the Ottoman power, made each of these states stretch simultaneously on two or more continents, on two or more shores of the Mediterranean. This increased the need for

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communication by sea and, consequently, the need for sailors to move the ever-increasing ships.

The confrontation between the Ottoman Empire and the Kingdom of Spain in the Mediterranean in the 16th-17th centuries creates an atmosphere of continuous maritime warfare, which occasionally unfolded in open sea battles such as that of Lepant in 1571, Preveza, Goleta, but finds its most striking form in the uninterrupted war of sea piracy and constant reprisals on the shores of the adversary.

The increase of the demand for rowers but not only, in navigation made that this need to be fulfilled more and more by forced labour, meaning by slaves and captives. The enslavement of people to be used by the fleets of the Mediterranean quickly transformed into a real industry without which contemporaries thought it impossible to keep marine fleets. The enslavement and forced service in the ships of the Mediterranean especially in those that used physical labour to overcome the lack of favourable winds, especially in the galleys, known as "galera" which in the Mediterranean become synonym with jail.

For various reasons but mainly for religious ones the enslavement of co-religious was a practice that happened very rarely compared with the enslavement of people of other religions. However there were exemptions even in this case. For example the peace agreements between Venice and the Ottoman Empire forbided these two powers to enslave the subjects of each other. On the other hand it was categorically forbidden for Ottoman subjects to enslave each other. This naturally was valid in the case of the Muslim Ottomans but also for Christians or other religions. A Catholic, Orthodox, Hebrew or Armenian that was Ottoman subject could not be enslaved and used for forced labour in the Ottoman state.

Maritime piracy and fierce reprisals against coastal or lands near the coast produced dozen and maybe hundred of thousand of prisoners of war sold in Muslim and Christian markets. On one hand, there were Messina, Venice, Naples, Genoa, Malaga, Palma de Mallorca, Valencia, Sevilla, Lisbon. On the other were, Istanbul, Thessaloniki, Smyrne, Alexandria and Cairo, Tripoli, Tuniz and Bizerte, Algiers, Tetuan, Fez, Marrakesh, Sale. Muslim and Christian missionaries

carried out negotiation of exchange or release of captives, some of whom, after several years, returned to their country. Some others choose the path of conversion to the religion of their masters.¹

The participation of Albanians in this industry and market of forced labour increased with the same pace of the increase of their participation in navigation in the Mediterranean. It was in the sixteenth century that the contacts of the Albanians with the seas around them increased more and more and we may say that the 16th-17th centuries constitute the period where Albanians can be found everywhere in the Mediterranean. Hence the presence and role of Albanians as captives, pirates and privateers in the Mediterranean becomes increasingly significant.

The geography of Albanians' presence reached Algiers in the West and up to Yemen and India in the East. In the sixteenth century, Algiers became one of the most important cities in the Mediterranean, certainly the most important Muslim port city in Western Mediterranean. The predominance of Algiers as a port started during 1516-1519 when the brothers Oruç and Hayreddin Barbarossa settled there and established the regency of Algiers. The history of Algiers in the sixteenth century cannot be complete without the story of two Albanians that left their mark not only in Algiers but in the entire Western Mediterranean: Muhamed Arnauti and Murat Reis. On one occasion in 1582 Muhamed the Albanian or Arnauti when he was in the office of governor ordered all privateers of Algiers to gather and told them openly that they were all a bunch of incapable bumbles, with the exception of his friend Murat the Albanian. After that he led the captains of 22 galleons and galleys toward Sardinia where he landed 1500 soldiers that marched to a city around 40 miles inland. There they kidnapped around 700 people which were sent in a small island near the coast where they raised the ceasefire flag and invited inhabitants to ransom their fellow citizens. Near Barcelona he captured around 50 people and continued further West. There he stopped near Alicante, from where several Spanish Muslims had written to help them go to Algiers, since after the fall of Granada in 1492, Spanish Muslim and Jews were forced to convert to Christianity. However, since they constituted an important human potential, the Spanish state did its utmost to stop them from emigrating towards Muslim countries. Shortly thereafter,

¹ Bartolome Bennassar, Lucile Bennassar, *Les Chrétiens d'Allah, l'histoire extraordinaire des renégats XVI-XVII siècles*, Paris 1989, p. 18-19.

a large number of soldiers landed on the shore to protect and assist over two thousand men, women and children, who escaped along with their possessions.² Muhamed the Albanian (Memi Arnauti) was a prominent figure not only as a sailor but also as a state diplomat.³ He kept regular correspondence with European statesmen of the time, such as the Medicis of Florence exchanging various gifts.⁴ A particular episode of his life was the capture of the writer Miguel de Cervantes.⁵ Cervantes mentions Muhamed Arnauti several times as a fictional character in his works, since he knew him well personally.⁶

Another famous Albanian in Algiers is Murat Reis. His whole life is full of adventure and campaigning at sea, but the boldest was the expedition of 1585 when Murat Reis realized the most famous enterprise of his life by doing what no Ottoman sailor had ever done before: crossing of the Strait of Gibraltar and raiding in the Atlantic Ocean. Until then, the most prominent Ottoman sailors sailed close to the shores except when they had to cross the Mediterranean. The squadron of Murat the Albanian crossed the Strait of Gibraltar and reached the Canary Islands. After that about 250 soldiers landed at night, taking about 300 captives, including the mother, wife and daughter of the governor of the archipelago. The next day, Murat raised the ceasefire flag and started the negotiation for the liberation of the captives against reward. The family of the governor as well as most of the captives were freed.

² Philip Gosse, *Histoire de la Piraterie, po aty*, .55-57.

³ "it was this King that at the time when i went away from Algiers was forty years old, tall, with a black beard very much loved by everyone and not all hated by the Christians". Haedo, *Topographia e Historia General de Argel*, fl. 90r-90v.

⁴ "Et per non havermi al presente corso altro che mandar a Sua Altezza Serenissima per Giacobbo Brangia scrivano del nostro capitano Arnaot Memi bei, mando Geronimo Salvino polsano et Sebastiano de Paula pisano sudditi di Sua Altezza Serenissima con doi cavalli et doi leoni et uno struzzo." *Archivio di Stato di Firenze*, [më tej ASF] *Mediceo del Principato*, busta 4279, fl. 36, 20 tetor 1586.

⁵ *Don Quixote*, pt. I, cap. 41; This affirmation of Cervantes seems to verify what was said by që thotë Martin Fernandez de Navarrete, *Vida de Miguel de Cervantes Saavedra. Escrita e ilustrada con varias noticias y documentos ineditos pertenecientes a la historia y literatura de su tiempo*, Madrid: Real Academia Española, 1819, pg. 356, which opposes the idea that Muhamed the Albanian was the one who captured Cervantes. According to him the fact that Cervantes mentions Muhamed the Albanian is because he was the kapten of the squadron of three galleots that captured Cervantes and because Cervantes knew very well Muhamed the Albanian since he was the head-admiral of the fleet of Algiers, but he was not his Cervantes' owner. According to him it was the fame of Muhamed the Albanian as head-kapten of all the saliors of Algiers and their acquaintance that made Cervantes mention him in his novels.

⁶ Ardian Muhaj, *Rreth pranisë së shqiptarëve në Mesdheun Perëndimor në shekujt XVI-XVII*, "Univers", nr. 7, Tiranë, 2005, f. 198-212.

Must be highlighted that enslaving people in order to sell them to the sailing fleets was more limited in the Adriatic than in the Western Mediterranean. The centre of Albanian navigation in the sixteenth century was Vlora, until in the seventeenth century gradually passed to Ulcinj. The Piracy of this city was particularly a problem for Ragusa. Therefore, the Ragusan authorities continuously requested the Porte and the Sanjak-bey of Shkodra to respect the status of the Republic as vassal of the Sublime Porte that paid an annual tribute, stipulated in the *ahdname* that the Porte had accorded to the Republic. In a document of 31 March 1685 was stated that there were 19 Ragusans captives in Ulcinj. In July of this same year it was reported that Ulcinj not only had not liberated this people, but instead had captured 16 other Ragusans. Even though a spokesman from Ragusa was sent to Sulejman Pasha of Shkodra, that issue always dragged on.⁷ The Ragusan authorities tried to argue that if their subject were taken captives, they would not be able to pay the tribute to the Sublime Porte.⁸ Of course, it should be remembered that captivity at the time was largely a phenomenon that took place in the border areas and was a warfare style. If Ulcinj disturbed the citizen of Ragusa, other Ottoman border areas became prey to the attacks and looting by the Dalmatian Slavs.⁹ There were also those like the Himariots who sold Muslim slaves to Christians and Christian slaves to Muslims, the important thing was to make a profit.¹⁰ Likewise, the Croatian Uskoks who in the wake of the conflict between the Ottomans and the Habsburgs attacked with no distinction not only the Ottoman ships and shores of the Adriatic, but also of those of Christian states, especially of Venice and Ragusa.¹¹

⁷ *Documents from XVI-XVII centuries on the history of Albania*, vol. IV, (1675-1699), no. 14, pg. 54-55.

⁸ "giacchè tre tributi non bastaranno a riscattare li schiaui fatti da quei di Dolcigno". *Documents from XVI-XVII centuries on the history of Albania*, vol. IV, (1675-1699), doc. No. 11, pg. 50.

⁹ *Documents from XVI-XVII centuries on the history of Albania*, vol. IV, (1675-1699), no. 12, pg. 51.

¹⁰ "ils ont un bon Port appellé Porto-Panormo, où toutefois peu de bâtimens osent mouïller car on dit qu'ils vendent les Turcs aux Chrétiens, & les Chrétiens aux Turcs". *Testimony of a salior that visited the Himariot coast in 1675-1676. Documents from XVI-XVII centuries on the history of Albania*, vol. IV, (1675-1699), doc. no. 1, pg. 15.

¹¹ Peter Bartl, "Die Dulcignoten. Piraterie und Handelsschiffahrt im Adriaaraum (18. Jahrhundert)", në *Südosteuropa unter dem Halbmond. Untersuchungen über Geschichte und Kultur der Südosteuropäischen Völker Ährend der Türkzeit*, Prof. Geog Stadtmüller zum 65. Geburtstag geëidmet, Rudolf Trofenik, München, 1975, f. 18.

Kidnapping and looting on land and sea took greater proportions in times of open war, situation that used not only by bandits and raiders of both sides but also regular captains and commanders aiming to increase their power and benefits profiting from the confusion.¹² At the end of the Third Venice-Ottoman war, in January 1670, some people from Dukat took a Corfian ship with 14 people on board, even by than there was peace between the Porte and the Signoria. The proveditor of Corfu, Domenico Griitti, required the local Ottoman authorities to free the captives, without having much hope the issue would be solved because as he said these Dukatas did not obey the authorities.¹³

The change of the political situation from war to peace and vice versa was immediately reflected in the change of sailors from pirates to privateers and vice versa. Any times there were war clouds on the horizon sailor of both sides wouldn't hesitate to transform from sailors into privateers and undertake action to capture prisoners of the adversary of third parties. In January 1537, where tension between Venetians and Ottomans suddenly refaced, the Venetian ambassador in Instambul, Tommaso Mocenigo, according to a letter from Suleiman I to the sanjak-bey of Elbasan, had complained that privateer ships had attacked the Venetian territories and had taken slaves which later had been sold in Durrës. The Sultan ordered the sanjak-bey from which Durrës depended to open an investigation on this issue and not to give any slack to the privateer ships by not allowing them to attack the Venetian territories.¹⁴ This animosity of the authorities against pirates sailing independently sometimes put both parties on the same side against them as in the case of November 1608, when the cadì of Preveza through a document certified that the Captain of the Golf, Augusto da Canal, had arrived with four or five galleys in Preveza and handed to the cadì, in fulfilment of a request by the Sultan, 33 slaves, of which 30 still in chains, captured a year ago in the galley of reis Murat the Spaniard in waters around Paksos.¹⁵

¹² *Ulcinjan captains Avdi Aga e Hasan Çaushi on 28 July 1685 tis said that "were arming fustas with their own money and, not only have capture many of our citizen captives since this war has started, but even before". Documents from XVI-XVII centuries on the history of Albania, vol. IV, (1675-1699), dok. nr. 14, pg. 55.*

¹³ *ASV, Dispacci Corfù, b. 21 (1665-1671): report of Proveditor-Captain Domenico Griitti, Corfù, 2 January 1670. P. Xhufi, Arbërit e Jonit..., f.*

¹⁴ *January 1537 Edirne. Reg. Bonelli; Transcription at Gokbilgin,I, n. 57; I documenti turchi, nr. 393.*

¹⁵ *29 November 1608. Hüccet of the cadì of Preveza. I documenti turchi, nr. 1165.*

This alliance against piracy and privateering reached the point when even in times of peace there were treaties between this to countries to fight this activity, always trying to define as clear as possible the difference between independent pirates and licensed privateers, which patrolled the sea to ensure the safe navigation of ships, but quite often crossed the boundary separating them from pirates when presented with the chance. Thus, in September 1614, Sultan Ahmed sent to the Signoria a series of orders and regulations he settled upon after complains and requests presented by the Signoria through the Venetian bailiff in Instambul.¹⁶

There were cases however when the authority of the Ottoman officials was insufficient and did not extend uniformly enough to guarantee the complete securities of the coast. In October 1668, when a Venetian ship with 300 German mercenaries, recruited by the Venetians to send in Crete was sailing near the coast of Palasa, the German mercenaries rebelled and forced the captain to anchor near the shore. However the Germans were received with weapons by the Dukatas, alarmed by their disembarkation. Ten Germans were killed while 150 others were captured by the locals.¹⁷

Slaves were freely sold in the European and Ottoman markets just like in the African, American or Asian markets. At the fairs that took place in the Albanian territories and in the Balkans, such trade took place as well, but did not have a high share against the total trade in them. The price in average reached two thousand akce, or three time the average price

¹⁶ 1. *If the Muslim corsairs (levend) or of other Christian enemy states (qorşan) capture Venetian trade ships that navigate towards of from these ports, the ships, goods, artillery and other things that may be recovered from the Ottomans will be sent to the bailiff or his representatives, whoever is their holder even if he pretends to have bought them from third parties. In this way no one in the Ottoman Empire will dare to trade with corsairs.* 3. *Venetian citizen enslaved in peace time will be freed in accordance with the capitulations. It will not be taken into account they have been brought with money or that they have committed crimes or they were captured during fightings.* 8. *All passengers that travel in Venetian ships including citizens from other countries, shall be secure.* September 1614. *I documenti turchi*, no. 1193.

¹⁷ *ASV, Dispacci Corfù, b. 31 (1661-1671): report of Provveditor-Captain Girolamo Dolfin, Corfù, 22 November 1668; C. P. Karaleësky, "La missione greco-cattolica della Cimarra nell'Epiro nei sec. XVI-XVII", Bessarione 15/2 (1911) 457-458; P. Xhufi, Arbërit e Jonit..., f.*

of a good horse that costed 600-650 akce.¹⁸ The tax on transaction for each slave sold was around 16 akce, half to be paid by the buyer and half by the seller. Thus the number of slaves sold in one of the most known fairs in the Balkans, that of Moskullur was usually around 200 people for each fair, coming from everywhere in the Mediterranean.¹⁹

The price of slaves sold in this fairs in fact was higher than that of captives. It is exactly here that we may clarify the difference between a captive and a slave. Captives were people captured in territories considered enemies, or maybe by opportunists that captured people in the territories of the society where they lived. Captives were in the limb between a free person and a slave, for as long as the legitimacy of their captivity was not reviewed and decided by the relevant authorities. Hence captives were not free people but temporarily deprived of their freedom until the legitimacy of their captivity was decided and until a relative or the authorities tried to free them. While the slave was a settled question from the point of view of the legitimacy of their not-free status and no matter how many times was sold or bought that didn't change the slave status. Exactly due to this undefined status, captives had lower prices than slaves. Those who traded captives tried to take the blackmail money quickly or sell them. That was what Gjin Zenebishi did when he attacked the castle of Sajadha on the Albanian coast in front of Corfu, capturing the soldiers and the castellan. The Senate ordered the Proveditor of Corfu to negotiate the release of the captives, but Zenebishi had sold them quickly to the Turks.²⁰

One of the most illustrative scenes of the captive trade was when pirates or privateers captured people in a place and immediately raised a white flag that meant that residents had the possibility of liberating their captured relatives against an amount of money. In October 1503, 6 ships sailing from the port of Vlora reached Santa Maria di Leucca cape, and after they looted a village and captured 60 people, retired to a secure place and offered their liberation against a price

¹⁸ H. Inalcik, *Servile Labor in the Ottoman Empire*, in *Studies in Ottoman Social and Economic History*, London, 1985, vii, 43-44, taking as exchange rate a ducat for around 45 aspra, it admits that prices varied according to the conditions of the market, declining to 1,000 akce or around 22 ducat.

¹⁹ In April 1626, arrived in the Epirotas coast three slave ships from North Africa (Barbary Coast). Suraiya Faroqhi, "The Early History of the Balkan Fairs", *Südostforschungen* 37 (1878) 57-59.

²⁰ AAV, pars I, tomus 2, no. 328, pg. 44.

of 30 dukats.²¹ The established price was not high and in this case the Vlonjats did not go home empty-handed as often happen when they were met with resistance from the population used with similar situations. ²² The problem with captives was that those who captured them practically had no legal coverage that guaranteed their ownership over the captives. Official authorities acted ruthlessly against those that captured people in time of peace as happened in June 1544, when 6 pirate fustas while returning to Vlora were intercepted by a Venetian squadron which pursued them until they captured them and where many captives found on them were liberated. In this case it seems the pirates exchanged places with the captives, since they themselves became captives, while the captives were liberated.²³

The presence of captives and their trade for the needs of naval fleets in the Mediterranean had also created the mechanisms aimed at their release. In the case of Albania, Jews are distinguished for their role of mediators in prisoners' release negotiations. This obviously had to do with the fact that not only the price of the ransom but the entire process of negotiation required the movement of large amounts of money, which the Jews aimed to manage. On 18 June 1539, the Spanish governor of Hercegnovi wrote that a high Spanish dignitary was captured while travelling from Hercegnovi to Pula. This Spaniard had asked to send him 60 dukats through a Ragusan called Pavao Gradic, to the rabbi of Vlora, Angelo Aniel, so as to free him from captivity.²⁴ Also in 1541, the Ragusan consul in Vlora, the Jew Samuel Angelo, liberated a number of Ragusan captives captured together with their ship by Algerian privateers. ²⁵ At the time of the Battle of Lepanto, in 1571, 5 inhabitants of the island of Lastovo that belonged to Ragusa were captured and ended up in Vlora. The Ragusan consul, the Jew

²¹ M. Sanudo, in: I. Zamputi, *Dokumente për Historinë e Shqipërisë 1479-1506*, p. II (1499-1506), f. 351.

²² J. Aubin, *Une frontière face au péril ottoman: la Terree d'Otrante (1529-1532)*, në: *Soliman le Magnifique et son temps, Actes du Colloque de Paris, 7-10 mars 1990*, bot. Gilles Veinstein, pg. 468

²³ *fò prise sie fuste de la Valona suto Puia Antonel Dorio et liberomolti stijavi*. I. Zamputi, *Dokumente për Historinë e Shqipërisë shek. XVI-XVII*, vol. I (1504-1592), 1989, nr. 161, pg. 139.

²⁴ *DAD, Diversa Cancillarise, 126*, p. 111. M. Orfali, "Ragusa and Ragusan Jews, pg. 23.

²⁵ *DAD, Consilii Rogatorum, 48*, pp. 98, 109. M. Orfali, "Ragusa and Ragusan Jews, pg. 24.

Jakov Koduto, and his brother Abraham were involved in the release negotiations.²⁶ In 1585, a senior Jewish official from Ragusa, Samuel Ergas intervened alongside another Jew, Solomon Vital from Vlora, to enable the release of an Italian slave by paying 200 zecchini.²⁷

The speed of reaction on these acts was essential for the success of recovering from the damage and liberating the captives. In 1580, the sanjak-bey of Elbasan sent in Venice a representative to seek compensation for the pillaging of four merchants from Elbasan by the Pugliese marquis Niccolò Antonio Caracciolo and the liberation of the captives held in Puglia. The value of the looted goods was estimated at 5,800 ducats.²⁸

Slaves were so necessary that even the Papal fleet could not function without them. Naturally the Vatican was more scrupulous in the selection of the slaves. But it did not take long and the need for slaves brought a legal redefinition from 1674 on when Rome allowed the purchase of Greeks, Albanians, Russians and Ottoman Orthodox Christians with the reasoning that being them schismatic and Ottoman subjects they did not deserve freedom.²⁹

The Venetian Ottoman war of mid-sixteenth century was a particularly active period for slave-traders in the Adriatic. The profit fever had reached the point where even missionaries were accused by their colleagues that they have sold Christian slaves for profit. Thus, in November 1659, the Catholic priests of Split accused the apostolic missionary Ivan Bozanović that he had bought and then sold several Christians. Trying to justify himself on the accusation the priest Bozanović admitted that all Venetians acted that way. He even asserted that the Doge of Venice himself had given them permission to take "per schiavi i christiani che stanno sotto il Turco".³⁰ The hunting of Christian slaves by Christians took such proportions that the morlaks (vlahs), of the Split

²⁶ *Related with the consular activity of Jakov Kondutos which included buying grain, freeing captives etj. Tadić, Jevreji, vep. cit., pg. 363; I. Burdelez, "Jewish Consuls in the Service of the Dubrovnik Republic" in në Zbornik Diplomatske Akademije, 3, 1998, f. 34.*

²⁷ *DAD, Diversa Notariae, 23, p. 85. M. Orfali, "Ragusa and Ragusan Jews", pg. 21.*

²⁸ *Maria Pia Pedani, In nome del Gran Signore: inviati ottomani a Venezia dalla caduta di Constantinopoli alla guerra di Candia, Venezia, Deputazione Editrice, 1994, pg. 170.*

²⁹ *Wipertus Rudt. Le baptême des musulmans esclaves à Rome, pg. 537.*

³⁰ *APF, SOCG, vëll. 307, fl. 59 rv, 70r-71v, 144r-145v.*

diocese refused the communion on Christmas 1664 by saying that they could not live without capturing and selling Christians that lived under Ottoman rule.³¹ In only two years (1658-1659), the missionary Jeliç helped by cardinal Filomarino had discovered in Naples 350 Christian slaves from Western Balkans, part Catholic, part Orthodox, and apart from them there were thousand of Muslim slaves in Naples from the same region,³² captured by their compatriots at the border between Bosnia and Dalmatia. Those that were brought from "Albania, Tivar, Spic, and other places nearby, were all Christian, because those robber of Kotorr, Perast, Pastroviq never captured any Turk, but simply sold and resold poor Christians allegedly as Turks". This way, with the intervention of this missionary, in two months were identified over a hundred Christians sold as Muslims. Their owners forced them to declare themselves as Muslims and get Muslim names. After changing their names they kept them as slaves.³³

Profit fever as seen from the above cases prevailed often over ideological or religious principles and attitudes.

³¹ *We are talking about the Molarks from Vragniza, Clissa, Stobrez and Sasso. "non possono vivere senza non menare e vendere christiani che abitano sotto il dominio turco". APF, SOCG, vol. 307, fl. 188r-189v, 192r-193v.*

³² *APF, SOCG, vol. 261, fl. 104r; vëll. 302, fl. 198r-199v, 251rv.*

³³ *APF, SOCG, vol. 302, fl. 168 rv dhe 172r-174v; M. Jačov, La vendita degli schiavi..., f. 258.*

SESSION III:

CENTURY XX

*Session Chair: **Prof. Dr. Nevila Nika,**
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ECONOMIC AND MONETARY POLICY IN ALBANIA DURING THE INTERWAR PERIOD

*Prof. Dr. Petraq Milo**

ABSTRACT

This paper aims to provide, via empirical analyses, the economic and monetary policy background in Albania during the interwar period, based on studies from different authors, annual reports from the National Bank of Albania and on the data set by the South-East European Monetary History Network (SEEMHN).

Key words: monetary policy, national banks, exchange rate, gold standards, foreign reserves

INTRODUCTION

With the end of the WWI, the problem which dominated the currencies was that of stabilization, which in the prevailing opinion of the time, equalled a return to gold. Albanian Monetary System was established according to the former gold parity of LMU. The paper includes three sections, (i) political and economic development from 1922 to 1944, (ii) establishment and the independence of the National Bank of Albania, and, (iii) monetary system and policy under gold standard.

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1. POLITICAL AND ECONOMIC DEVELOPMENT FROM 1912 TO 1944

1.1. Political development

An assembly of eighty-three Muslim and Christian leaders, in November 1912, declared Albania an independent country and set up a provisional government. In July 1913, the Great Powers opted to recognize an independent state. In December 1920, the League of Nations recognized Albania's sovereignty by admitting it as a full member. In 1924 Ahmed Bey Zogu, regained power and the parliament quickly adopted a new constitution, provided for a parliamentary republic. On January 31st, Ahmet Zogu was elected president for a term of seven years, prior to his proclamation King of Albanians, in 1928 (Jacques, 1995). On April 7th 1939, King Zog was overthrown when Italy invaded Albania (Zickel & Iwaskiw, 1994), and proclaimed Italy's figurehead King Victor Emmanuel III of Italy as King of Albania (Glenny, 2001). After the surrender of the Italian Arm, on September 1943, units of the German Wehrmacht occupied the country. On November 29th 1944, Albania was liberated from the German occupation.

1.2 Economic development

The Albanians faced daunting developmental challenges when they declared independence in 1912 after some 500 years as part of the Ottoman Empire. About 90% of the country's peasants practiced subsistence agriculture. Albania lacked a banking system, a railroad, a modern port, an efficient military, a university, or a modern press. Albania's economic and financial situation was in many respects similar to other Balkan states. A low level of capital, a heavy reliance on foreign nations, granting to these countries loans and a low standard of living¹. The countries also shared a similar pattern of production, essentially

¹ *The foundation of the Albanian Central Bank in 1925 was supported by a large loan 62.7 million gold francs to Albanian government for public works. In Greece stabilisation was supported by a large foreign loan of 9 million pounds sterling, related with two pre-conditions for lending: (i) the restoration of convertibility and (ii) the foundation of a central bank. In 1931, Serbia contracted a stabilisation loan of 1.025 million French francs in gold. In 1928, Romania concluded a credit with 14 issuing banks, to obtain a USD 25 million and in 1929 a stabilisation foreign loan. In Bulgaria, foreign loans such as the Refugees loan in 1926 and the Stabilisation loan in 1928 helped the country to accumulate foreign reserves.*

based on raw materials and agricultural produce, characterized by a low ratio of exports to total of imports. In the late 1920s, agriculture contributed for over 90% of the national income, although only 8% of the country's land area was under cultivation. Even in 1938, Albania's industrial output amounted to less than 4% of national income².

Calmès (1922) gives a clear picture of the Albanian economy, as an economic system extremely primitive, with industries connected on agriculture and with few roads impracticable for the economic development. He states that "politically, Albania is a state, but economically it is not". He argue the need for huge infrastructural investments, development of agriculture, establishment of a Central Bank and prospecting for mineral wealth. The year 1925 marked, the establishment of the NBA and the agreements with Italy which began to lend to government funds at high interest rates for transport, agriculture, and public-works projects. Heavy-dominated by Italy between 1925 to 1943, the Albanian economy was subsidised by Italian loans. The imbalance of trade between in 1920 and 1921, began to be absorbed by a considerable increase in exports. In 1925, this balance represented only 4.7 million francs as opposed to 15 -16 million of a few years earlier, while the ratio of exports to imports rose to 78% in 1925 (table 1).

Table 1: Albanian balance of trade, 1920–1938 (in millions of Albanian francs)

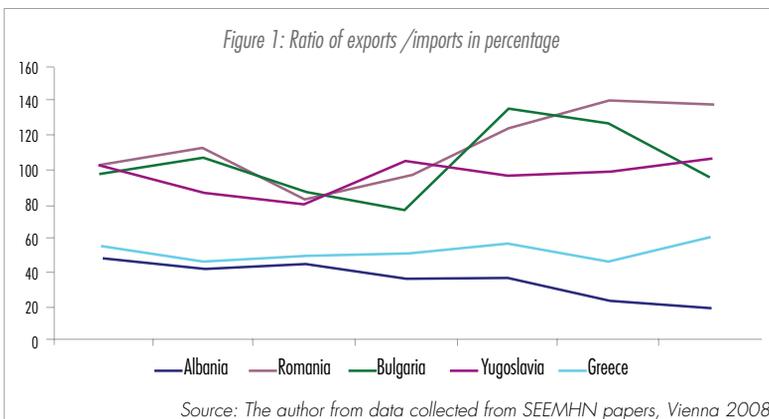
	Exports	Imports	Balance	Percentage exports/imports
1920	17,5	1,5	-16,0	8,6
1921	17,7	2,2	-15,5	12,1
1922	12,1	3,0	-9,1	24,8
1923	23,4	8,1	-15,3	34,6
1924	20,5	12,4	-8,1	60,5
1925	21,8	17,1	-4,7	78,4
1926	24,9	12,1	-12,8	48,6
1927	24,7	11,1	-13,6	44,9
1928	32,1	14,9	-17,2	46,4
1929	38,6	14,7	-23,9	38,1
1930	33,3	12,4	-20,9	37,2
1931	29,5	7,5	-22,0	25,4
1932	22,8	4,5	-18,3	19,7
1933	15,9	5,7	-10,2	35,8

² Based on information from Economist Intelligence Unit, *Country Profile: Bulgaria, Albania, 1990-91*, London, 1990, 37.

1934	12,3	4,3	-8,0	35,0
1935	13,7	6,0	-7,7	43,8
1936	16,8	7,4	-9,4	44,0
1937	18,9	10,2	-8,7	54,0
1938	23,0	9,7	-13,3	42,2

Source: Calmes report for years 1920 and 1921, and L.Lenti, in *Principii de economia Albanese* (Padua, Cedam, 1940)

Alexandro (2006) has analysed the economic development through the evolution of the balance of trade and the balance of payments in three phases between 1926 to 1938. The first covers the years 1926 – 1929, when foreign trade expanded vigorously. The capital account surplus not only compensated for the negative balance in the current account, but also allowed the accumulation of foreign assets. In 1929, the capital account registered a surplus of 15.6 million francs, and the overall balance also showed a surplus, of 4.8 million francs (see table 2). The second from 1930 to 1934 is marked by Great Depression period and the reduction of inflows from Italy in 1932 and 1933. Economy and foreign trade did not escape the dramatic deterioration encountered as in other Balkan countries (see figure 1). The starting point of the crisis in the Balkans can be identified in the widespread drop in the price of agricultural produce. Since the Balkan countries heavily depended on agricultural exports, they were consequently obliged to drastically reduce their imports (Hinic, Durdevic & Sojic, and Lazaretou, 2008). Albania finds itself in the worst situation compared to the other countries in the persistence of a very low export/import ratio. The ratio dropped from 48.6% in 1926 to 25.4% and 19.7% respectively in 1931 and 1932.



In terms of trade transactions, in mid-1929 there was a sharp decline in both imports and exports, which lasted until early 1934. In Albania imports were maintained for as long as the inflow of Italian capital continued. The positive overall balance, which remained until 1932, was cancelled out in 1933 owing to the reduced inflow of capital (table 2). The final phase the period from 1935 the year when reconciliation with Italy began to 1938, and Albania's balance of trade began to fare better. Italy renew assistance and promised substantial loans and grants, and Albania agreed to accept greater influence.

Table 2: Albania's balance of payments, 1926–1933 (in millions of Albanian francs)

	Current account				Capital account					Overall balance
	A	B	C	D	E	F	G	H	I	L
1926	-13,6	-0,2	+11,9	-1,7	0,6		1,6		2,2	0,5
1927	-14,5	-0,2	+11,9	-2,8	1,4		2,2		3,6	0,8
1928	-17,6	-0,2	+12,7	-5,1	2,4		3,5		5,9	0,8
1929	-24,8	-0,2	+14,2	-10,8	9,6		6,0		15,6	4,8
1930	-20,8	-0,2	+10,3	-10,7	11,8		4,5		16,3	5,6
1931	-22,4	-0,2	+10,1	-12,5	15,8	1,0	2,2		19,0	6,5
1932	-18,7	-0,2	+9,0	-9,9	7,0	7,0	2,0		16,0	6,1
1933	-12,3	-0,2	+2,7	-10,1	4,0	3,4	0,6	2,1	10,1	0,0

A: trade balance; B: interest and dividends on foreign capital in Albania; C: services balance, D: total balance of current account; E: SVEA loan; F: 1931 loan; G: other long-term capital inflows; H: short-term transactions; I: total balance of capital account; L: overall balance. Source: Société des Nations, *Balance des paiements*, Geneva, 1932, 1933, 1935.

The period of the Italian occupation from 1939 to 1943 is marked by a further increase in the flow of financial resources and expansion in trade, especially on the side of Italian exports to Albania. In 1939, the value of Albania's imports outstripped that of its exports by about four times. Albanian exports to Italy were also strengthened, making up 90% of the total in 1939, as opposed to 68.4% in the previous year. This has "contributed to the impression that Albania was on the point of becoming an important complementary element in Italy's economy" (Alexandro 2006).

Pano (2012) argues that in the overall period, Albanian economy scant progress. He notices that "...relevant data of that time such as the increasing revenue of the tenth and livestock xhelep is a proxy for the agricultural and livestock product growth, or, during 1921-30, the

import of cement increased about 30 times, a proxy that industry product has growth as well". The 62.7 million gold francs loan granted by the Italian company, SVEA, gave considerable impact to construction of streets, bridges and in industrial sectors (Alexandro, 2006). For the period 1927-38, the real growth can be estimated at 12%, to an average yearly of about 1%, a level close to the yearly rate of growth for the advanced economies in the interwar year's period (1918 – 1938) of about 1.2% (Matthias, 2006). In 1938, the national income estimate of 198 million francs at constant prices, and a population of 1,05 million, give a per capita income of 188 francs, or around 740 lire, compared with an Italian income of 3,183 lire. So, at that time, Italy's GDP per capita was four times higher, while now it is 13 times higher. Demaria (1938) and Pernack (1972) argue that Italy's economic policy towards Albania was more concerned with stability rather than development. They argue that the Albanian economy was stagnating, considering the sluggishness of imports as indirect evidence of the lack of growth. Italy's interest was to maintain a closely complementary relationship of the two economies, which meant having Albania firmly rooted in a development model based exclusively on agriculture and raw materials.

2. ESTABLISHMENT AND INDEPENDENCE OF THE NATIONAL BANK OF ALBANIA

2.1 Establishment of the National Bank and development banking system

The history of Albanian banking system is closely related with country's overall political and economic developments. The Provisional Government of Vlora pointed out the need to establish a bank in Albania, by negotiating with Vienna and Rome for granting some concessions, including that for the National Bank (Shkoza, 2016). The National Bank was short-lived, as a result of the difficulties arising from WWI, and ceased its activity after only a few months from its establishment. On February 25th 1922, the Albanian Government addressed the League of Nations to assess the country's potentials. Calmès in his report recommended the establishment of an issuing and crediting bank

of domestic and foreign capital. In 1925, the government addressed the most important issue, i.e., establishment of the National Bank and currency. For the establishment of the National Bank, the priority was given to Italian capital, considering the impossibility to establish it with domestic capital and the need of a provision of loans. On March 15th 1925, the agreement for the creation of the National Bank and for a large loan from Italy to the government were signed. The National Bank was established with a nominal capital of 12,500,000 gold francs. The distribution of the capital was divided 26% to Italian group, 10% to Yugoslav holding group, 15% to Swiss and Belgian holdings, and 49% to private individuals. Prior to the Italian invasion four banks were established and operated, the National Bank, Banco di Napoli, Agriculture Bank of the State, and the subsidiary of the Bank of Export of Belgrade. In 1939, after the invasion, the Bank was asked to submit proposals for a division of work between itself, the Banco di Napoli and the Banca Nazionale di Lavoro. The Banco di Napoli would be entrusted with the land credit and the BNL with mortgage credit. Then, in 1942, the country's basic banking structure looked like the Bank of Albania, the Banco di Napoli and the BNL.

2.2. Independence of the National Bank of Albania

The international monetary conference in Genoa in 1922 advocate the need to stabilize currencies and to restore gold convertibility due to a huge expansion in national budgets, increase of the foreign debt and a violent acceleration in inflation. Gold standard principles, as recommended in the conference, mean that any expansionary monetary policy is conditioned by a foreign surplus; that government cannot borrow from the central bank; the central bank must be independently managed; and that its balance sheet can only be invested in perfectly safe, short term, self-liquidating assets, as to avoid granting medium- or long-term loans. Alexandro (2006), argues that: "we can safely say that these principles were fulfilled by National Bank". The Bank of Albania shall have the rights to carry out any banking and financial operations, to have the exclusive privilege of issuing paper currency, to receive government deposits, and to act as treasury agent. The Bank and the State were to receive 50% of each of the proceeds from the rights to issue notes and mint coins. Its relations with the Treasury it should

be allowed to take on the services of state treasurer and to negotiate government and municipal loans. The task of financing the country's infrastructure and industry was left to other bodies³.

Some critics which affected the independence of the Bank. The way of the distribution of the capital, when Albanian share remained in minority of about 30%. But, according to Alexandro (2006) "...the country did not fail to recognize the serious implications of this capital ownership structure, ... but the only subsequent alteration it underwent was when ownership of shares in the Bank was officially centralized in the Italian state, ...and the shares, with few exceptions, were taken over by INCE, on behalf of the Italian Treasury". Pasko (2012) introduced a number of facts that affected the independence of the National Bank⁴. One other critic is the fact that the Bank did not give credit freely enough to meet the needs of Albania economy, but focused on its own profit (Pano, 2012). In the period from 1930 to 1934, Central Bank increased investment of its financial resources usually in Italy's treasury bill, when the economy had great need for crediting. According to Alexandro (2006), it was ultimately unthinkable that the Bank's management would ever question the regime's strategic choices to invest, particularly later on, towards the middle of 1938, when we see the Bank of Albania working actively (probably under politicians' instructions) on projects for monetary reform, which presupposed the Albania's loss of independence. However, as Kristafi (2012) states "...despite the participation of foreign entrepreneurs, National Bank of Albania was an Albanian institution,, and the Albanian State's designating its representatives in the Administrative Council, etc...".

³ The total SVEA loan between 120 - 170 million francs, represent of 30 to and 40% of GNP.

⁴ The long concessionary period of 50 years compared to many other countries with a period of 20-25 years; the ratio of subscribed capital to paid-in capital in Albania was 2/10, which according to commercial codes, it should have been at least 3/10; the gold reserve that accounted for 1/3 of banknotes in circulation had to be held in Albania and not in Rome; the unfair allocation of its net profit, with only 10% of its net profit, a very low ratio compare to countries in the region (in Greece the state received 33%, in Yugoslavia 56.20%, in Bulgaria 77.06% and in Romania 24.66% of the net profit), and the unfair issue of small divisionary coin minting, from both viewpoints - the quantity put into circulation and ownership of income yielded from it

3. MONETARY SYSTEM AND POLICY UNDER GOLD STANDARD

3.1 Monetary system base under gold exchange standard

Monetary Albanian system was established according to the former gold parity of LMU, which at that time was applied in other countries in the region, and got restored in the Western countries as well (Magliulo, 2017). Albanian monetary system maintained the gold standard during the 1930s, while the major currencies were forced one by one to abandon it⁵. Pano (2012) considered the monetary system of National Bank of Albania as a truncated gold standard⁶, combined the two last forms of the gold standard, that of the gold exchange standard and the gold bullion standard. This decision was due to several reasons: (i) the country did not possess a currency regime of its own; (ii) the independence only dated back in 1913; (iii) the little circulation was for the most part made up of coins from countries belonging to the Latin Union; (iv) Albania had not experienced the process of expansion in public spending⁷; and (v) the rudimentary nature of the economy. The monetary system had its basis on the new currency, the Albanian gold franc, with a parity equalling of 0.290322 grams of fine gold. The Organic Law moved away from the concept of full backing for the paper circulation. The Bank would issue notes against a reserve, which would be equal to at least one-third of the value of the notes issued, made up of gold, foreign notes from countries in which convertibility was in force. If the overall reserve was to drop below one-third of the circulation, the Bank would have to increase interest rates on its own transactions by 1 to 1.5 points, depending on the size of the drop. With the "union" between the two monarchies, the country leaves the gold-exchange standard on 20 April 1939. At this point in time, the Albanian gold franc is renamed Albanian franc and is kept as the currency unit, but is debased and disconnected from gold, and is

⁵ UK in 1931, USA in 1933, France, Belgium, Italy stay longer, Greece in 1932, Yugoslavia in 1931 and Romania in 1932.

⁶ *Obligation to hold a reserve of precious metals, equal to 1/3 of banknotes in circulation, the gold coins circulated freely marked, and trade and balance of payments shows that its foreign liabilities were settled by using gold or silver bullions.*

⁷ *Ratio of expenditures coverage from revenues is about 83% in 1925, 100% in 1926, and 107% in 1927*

pegged by a fixed exchange rate to the Italian lira. Thus, the backing for the circulation in Albania would no longer be made up of gold and foreign currencies, but exclusively of Italian lire. It could be seen as a sort of model of the gold exchange standard, burying in mind that the lira was tied by a fixed parity to gold since October 1936 (1 lira equivalent to 0.0467710 grams of fine gold). However, as Alexandro (2006) mentions "the institutional framework of Albania's monetary system, was a gold exchange standard regime, and and the gold franc remained pegged constantly to its original gold content of the Latin Union, and to its gold convertibility".

3.2 Albanian franc convertibility

One of the main goals of the Bank remains the defence of the currency. In the annual report in 1938, it states: "In the two and a half years of its life, the National Bank has achieved this, it has given the country a sound currency which remains stable within the gold points ... a currency which has not depreciated even in periods of political tension, and this at a time when the currency situation in other major states of the Balkan Peninsula has been anything but strong". The stability of the Albanian franc was noticeable from 1927 to 1940.

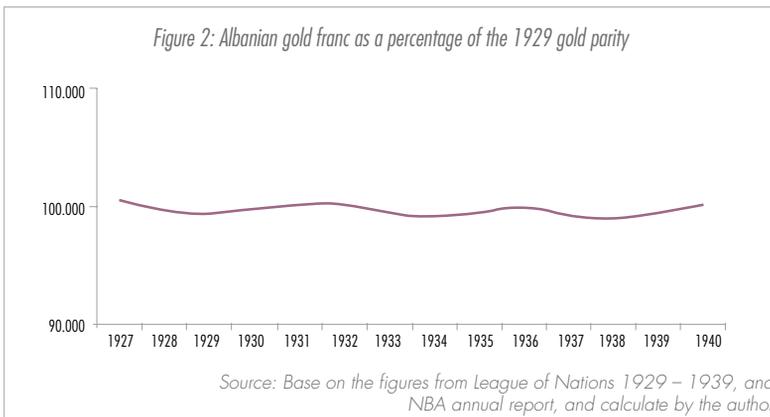


Table 3: In percentage of the 1929 gold parity

	1931	1932	1933	1934	1935	1936	1937	1938
Germany	99,2	99,7	99,6	98,6	100,3	100,1	99,7	99,6
Belgium	100,1	100,2	100,1	99,9	78,6	72,0	71,7	71,8
Denmark	93,5	70,3	55,8	50,0	48,5	49,0	48,6	48,1
France	100,1	100,3	100,0	100,0	100,0	92,4	61,0	43,4
Italy	98,9	97,4	99,0	97,0	93,0	82,0	89,5	59,5
Norway	93,5	67,2	62,7	56,3	54,5	55,2	54,7	54,1
Netherlands	100,1	100,3	100,1	100,0	100,0	94,9	80,9	88,8
Great Britain	93,2	72,2	68,1	61,8	59,8	60,5	60,0	59,3
Swiss	100,6	100,6	100,2	100,1	100,0	92,6	70,2	70,0
USA	100,0	100,0	80,7	59,6	59,4	59,2	59,1	59,1
Albania	100,2	100,3	99,4	99,1	99,5	100,2	99,4	99,1

Source: Based on information from Economist Intelligence Unit, Country Profile: Bulgaria, Albania, 1990-91, London, 1990, 37.

The currency recorded nominal rates even higher than hard foreign currencies on the international stock markets⁸. International Currency Review of July 1977 states: “before the Second WW, the Albanian franc was the strongest currency in Europe..., never devalued, in spite of devaluation of sterling in 1931, dollar devaluation in 1933 and the Swiss franc in 1936”. The exchange rate of franc to Italian lira and US Dollar, after a stable evolution, showed a strong depreciation of both Lira and Dollar respectively in 1935 and in 1933. The stability of Albanian gold franc can be explained by the massive inflows of Italian capital (table 4). The highly restrictive policy pursued has been influenced by a wish to maintain the overvalued exchange rate. Alexandro (2006), highlights that Italy has an interest to maintain the old parity of the franc. A devaluation would have disadvantages, by leading the Albanian government to ask for the capital gains deriving from the revaluation of its reserves⁹, the risk to run on withdrawals and a flood of returned banknotes to the National Bank¹⁰, and for a political motive since the franc was backed by Italy’s moral guarantee. Some criticism raised on the strength of the Albanian currency, that this was exploited by NBA as a means of getting its hands – via banknote issue – on the

⁸ Albanian franc was quoted on stock exchanges of Milano, Trieste, Switzerland and Vienna (Pisha, Vorpsi, Hoxhaj, 2008).

⁹ This would have involved a transfer from Italy to Albania of something between 13 and 32 million lira.

¹⁰ Estimate in an exodus from Italy of “several tens of millions of lire” and obliged the Bank to reduce its investments in Italian Treasury securities, and its deposits, which in June 1938 amounted of 13,6 million francs or about 60% of imports.

gold stored by Albanians (Roselli, 2012). And, has strengthen Albanian currency made more difficult the export of Albanian commodities and stimulated imports¹¹.

Table 4: Albanian franc – Italian lira and Albanian franc – dollar exchange rate, 1927 - 1938

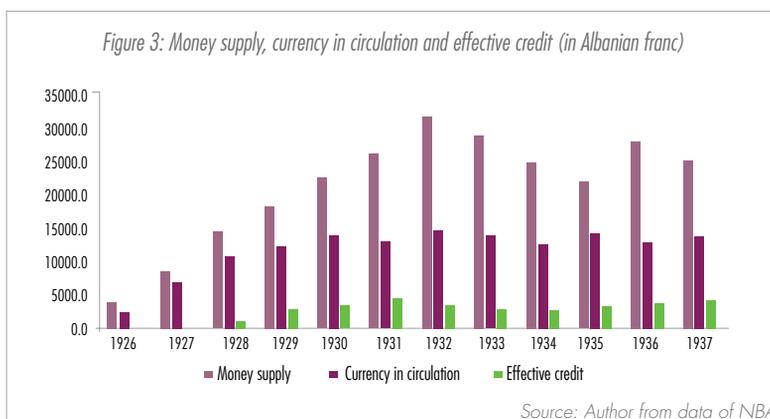
	Lira – Albanian franc rate	USA cent – Albanian franc rate
1927	3,84	19,4
1928	3,67	19,3
1929	3,66	19,2
1930	3,68	19,3
1931	3,79	19,4
1932	3,78	19,3
1933	3,65	30,0
1934	3,78	32,3
1935	4,00	32,4
1936	6,22	32,7
1937	6,22	32,7
1938	6,22	32,7
1939	6,22	31,6

Source: based on Alexandro (2006) figures

3.3 Monetary policy under gold exchange standard

An assessment of the monetary policy pursued is important to evaluate if the monetary policy was expansive or restrictive. We have analysed the movement of money supply components, evolution of the ratio of the coverage of money in circulation and the way that the money creation has occurred. Also, we have analyse correlation of the monetary policy and price stability. To analyse money supply, two phases are considered, the first one from 1926 and 1937 and the period of occupation from 1939 until 1943. Figure 3 shows the evolution of money supply, the currency in circulation and the amount of effective credit in thousands of gold franc. In the period from 1926 – 1932, the monetary policy it was characterized as expansive, with an annual average rate of growth of money supply is 125%, of the currency in circulation is about 80% and to the effective credit about 40%.

¹¹ The volume of Albanian export from 12 352 thousand in 1930 to 4 284 thousand gold francs in 1934, or about - 65%.



It is important to notice the correlation of the monetary policy with the nominal discount rate to the money supply and the credit in this period. The discount rate had been reduced from the 12% when the Bank had begun its activity, to 10% in February 1927, and then to 9% in April of the same year. According to Pano (2012) "it is understandable that the monetary system adopted by the Bank during 1925-1931, by ensuring price stability, helped in developing sustainable production and commodity exchange". While, in the period from 1933 to 1937, there is a contraction in the money supply, a part from of 1936 when Albania receive a new loan of 14.4 million francs. According to Alessandro (2006), a clear restrictive phase is certainly the period 1932-1934, when central bank's credit activity contracted and the "real" discount rate rose, to reach a maximum of 30.1% in 1933. There are several factors explaining this¹². The National Bank of Albania, instead of increasing the monetary amount through lending, interest rate cut and currency depreciation, as evident in other countries, pursued the opposite course, reduction on money supply and keeping a very higher interest rate. For the period of 1938 to 1943, monetary policy was expansive, mainly as a result of transfers from Italy on behalf of the State.

¹² Entries on the 'assets' side of the balance of payments diminished; the use of the Italian loans fell; emigrant remittances dropped; and internal demand fell. In addition, the years 1933-1934 reflect effects of the Great Depression.

Table 5: Growth of money supply, exchange rate in % of parity and real discount rate, 1932-1935

		1932	1933	1934	1935
Albania	Growth of money supply in % year to year	21.4	-8.8	-13.9	-12.0
	Exchange rate in % of parity	100.3	99.4	99.1	99.5
	Real discount rate in %	26.5	30.1	18.3	-2.5
Greece	Growth of money supply in % year to year	-2.5	12.4	5.2	1.2
	Exchange rate of gold paper/drahma	26.1	34.8	34.9	35.0
	Real discount rate in %	4.5	0.7	5.3	6.9
Bulgaria	Growth of money supply in % year to year	-2.5	12.4	5.2	1.2
	Exchange rate of leva/pound	496.1	472.3	430.6	413.9
	Real discount rate in %	21.1	13.8	12.7	5.0
Romania	Growth of money supply in % year to year	-15.3	-7.9	-3.0	6.9
	Exchange rate of leu/pound	592.9	564.1	574.0	492.9
	Real discount rate	-10.3	-3.2	0.2	14.5
Yugoslavia	Growth of money supply in % year to year	3.3	6.2	-1.2	14.4
	Exchange rate of dinar/pound	199.8	141.9	173.8	215.6
	Real discount rate in %	18.1	8.7	8.7	0.8

Source: Author

Evolution of the ratio of the coverage of the money of circulation with gold and foreign currency, reflects also the path of the monetary policy. In the overall period, the ratio remained low, well within its statutory limits of 11%. In the expansion period from 1927 to 1930, the money in circulation has coverage of about 13%. After this period, the ratio has continuously increased, corresponding to the period of the restrictive monetary policy. This strong coverage is explained by the deflationary policy pursued to maintain the currency in circulation below Albania's needs and engage in the obligatory collection of the gold (Fishta (2003)). The period from 1939 to 1943, total reserve ratio of the coverage falls sharply, corresponding to the period when the gold standard stopped working and a clear expansionary monetary policy.

Table 6: Monetary and balance of payments in millions of gold franc, discount rate and exchange rate in %

	Total reserves	Metal reserves	M1	M3	Discount rate	Real rate	Gold franc	Exports	Imports	Overall balance
1926	5,4	1,6	2,7	3,9	12,0	n.a.	n.a.	12,1	24,9	0,5
1927	13,3	1,4	7,3	9,2	9,4	n.a.	100,6	11,1	24,7	0,8
1928	16,9	1,6	11,3	15,2	9,0	5,0	100,0	14,9	32,1	0,8
1929	19,0	1,8	12,8	19,2	9,0	13,0	99,6	14,7	38,6	4,8
1930	22,4	1,9	14,6	23,5	9,0	20,9	99,8	12,4	33,3	5,6
1931	20,5	5,0	13,7	27,1	8,5	6,1	100,2	7,5	29,5	6,5
1932	24,1	5,4	15,3	32,9	8,0	26,5	100,3	4,5	22,8	6,1
1933	21,1	7,2	14,3	30,1	7,9	30,1	99,4	5,7	15,9	0,0

1934	18,4	7,1	13,3	25,9	7,5	18,3	99,1	4,3	12,3	n.a.
1935	19,1	7,5	15,1	22,8	7,5	-2,5	99,5	6,0	13,7	n.a.
1936	23,8	7,6	13,5	29,2	7,2	-4,3	100,2	7,4	16,8	n.a.
1937	22,6	7,6	14,4	26,0	7,1	2,5	99,4	10,2	18,9	n.a.

Source: Author. M1 correspond to currency in circulation, M3 correspond to money supply, Gold franc in % of the parity 1929 =100, Real rate of the discount rate, over balance correspond to the balance of payments

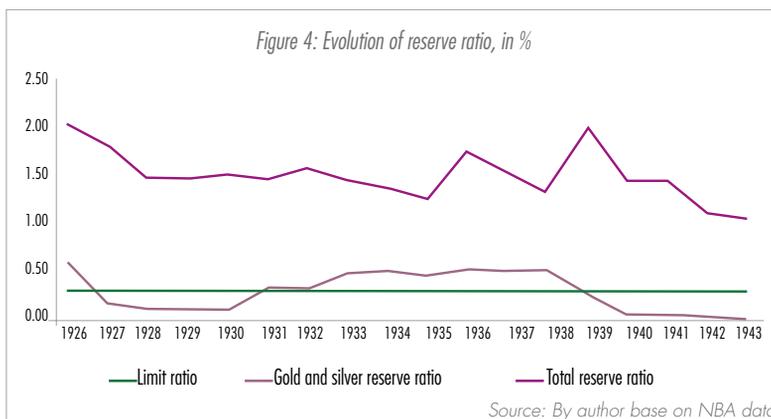


Table 7: Total reserves, currency in circulations, and ratios of total reserves and metal reserve to currency in circulations

	Total reserves in 0000 of gold franc	Metal reserves in 0000 of gold franc	Currency in circulation	Total reserve to currency in circulation, in %	Metal reserves to currency in circulation, in %
1926	5421,0	1.628,0	2.664,0	203,5	61,1
1927	13310,0	1.417,0	7.282,0	182,8	19,5
1928	16870,0	1.564,0	11.302,0	149,3	13,8
1929	19016,0	1.859,0	12.849,0	148,0	14,5
1930	22401,0	1963,0	14.563,0	153,8	13,3
1931	20450,0	5.041,0	13.763,0	148,6	36,6
1932	24162,0	5.409,0	15.259,0	158,3	35,4
1933	21052,0	7.227,0	14.341,0	146,8	50,4
1934	18421,0	7.125,0	13.299,0	138,5	53,6
1935	19071,0	7.556,0	15.100,0	126,3	50,0
1936	23811,0	7.556,0	13.555,0	175,7	55,7
1937	22571,0	7.583,0	14.414,0	156,6	52,6
1938	18894,0	7.574,0	14.070,0	134,3	53,8
1939	52996,0	7.567,0	26.316,0	201,4	28,8
1940	123019,0	7.567,0	84.632,0	145,4	8,9
1941	166131,0	7.567,0	112.846,0	147,2	6,7
1942	164769,0	7.567,0	146.335,0	112,6	5,2
1943	200642,0	7.567,0	187.369,0	107,1	4,0

Source: By the author base on NBA data

For the period of 1927 to 1938, in his assessment Alessandro (2006), is based on the movement of the money supply and the channel of its creation. He considers two classes of assets on the money sources, "foreign" and "internal". From 1927 to 1932 the main source of money creation in Albania was "foreign component", through capital inflows from Italy, as the balance of payments created a surplus. The creation of money via "internal" component also played an active role, through the discount window and advances made by the Bank. It is a period, in which the gold standard seemed to work according to the rules of the game. Every time the Bank was a net purchaser of gold and foreign currency not only by a surplus in the foreign accounts as a result of capital inflows but also by gradual gathering of coined gold, it expanded the money supply by discounts and advances to the economy. To the extent that this surplus occurred, central bank was able to expand its credit, with a corresponding increase, of banknote circulation.

Table 8: Money supply components, in percentage

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Foreign	68,2	44,4	76,1	a	B	-42,7	-90,5	a	92,6	a	A
Economy	31,8	55,6	23,9	a	B	-47,3	-9,5	a	7,4	a	A

Burimi: Alessandro Roselli, "Italy and Albania", I.B. Tauris, London – New York, 2006.

The period from 1933 to 1938, correspond to a restrictive monetary policy with a continuous contraction in money supply since "foreign" component was constantly negative (except of course in 1936). The "internal" component resumed a creative role, with an increase in discounts and advances when the 'real' discount rate became negative due to prices picking up, but it mostly did not succeed in offsetting "foreign" component, which was acting in the opposite direction.

In the end we have considered the impact of the monetary policy pursued by National Bank to the price stability. Two periods can be distinguished, from 1927 to 1937 and from 1938 to 1943. In the first period, the evolution of the wholesale price index is dominated until 1934 by major decreases in the price index¹³. There is a little correlation since in overall period, the coefficient is considerably lower

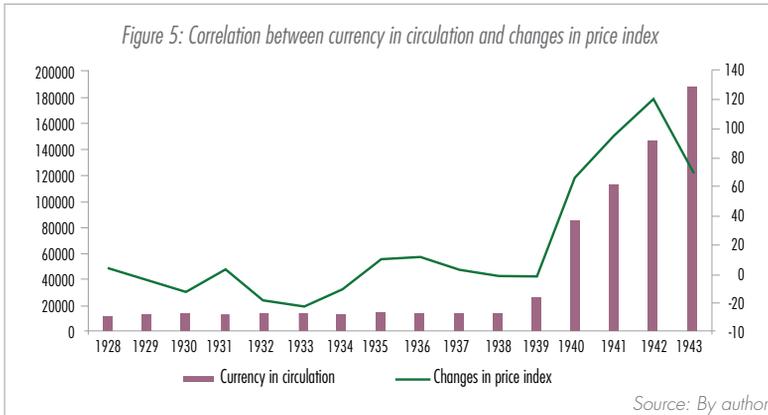
¹³ Reflecting the Great Depression and lowered the cost of imported goods cause by devaluation of other currencies.

by 0.1419¹⁴. According to Alessandro (2006), money supply and prices were affected more directly by the economic depression, the restrictive monetary policy and then by the small reflation. But, within the period, between 1932 and 1937, the correlation coefficient between the two series, is very high of about 0.6335. From 1938 to 1943, there is a strong correlation between growth of money in circulation and wholesale price index.

The monetary policy pursued by the Bank has reserved criticism. The monetary system remain pegged to the gold standard, even in the time of the economic depression, cause a deflationary situation with unpleasant consequences to economy¹⁵. The deflationary monetary policy pursue with the reduction of the amount of money supply made a large negative impact on the Albanian economy after 1932. According to Pano (2012) "that the National Bank of Albania instead of taking measures to restrict the negative consequences of the 1929-33 economic crisis, it pursued a monetary policy of greater interest to the Italian financial group, and increasing the capitals and profit of that group". The same opinion is share by Pernack's (1972), that the Bank it was not so much interested in a policy for sustaining growth as in stability of the value of the currency and in the management approach to increase Bank's profitability. The highly restrictive policy pursued was influenced by a wish to maintain the overvalued exchange rate. Alessandro (2012) emphasise that credits of NBA did not finance fixed investments in plants, machinery, buildings, and it was too strict in granting credit to the Albanian economy and therefore contributed to its underdeveloped state. As Borgatta (1940), observes, the aim of deflation was to avoid a "relative inflation" which could have compromised the stability of the exchange rate.

¹⁴ In 1928, the large increase in the money supply was due to the start-up of the new system. It is difficult to explain the correlation between increase in the money supply and the decreases in prices in 1929, 1930 and 1932. Gino (1940) attributes this in part to stockpiling phenomena and to a reduction in the velocity of currency circulation.

¹⁵ In the time of depression, it was a need of rapid expansion of money supply and the abandon of the gold standard. Countries that abandon the gold standard by 1932 suffered an average decline in production of only 3% between 1929 – 1934. Countries that stayed on the gold standard until 1933 or latter suffered an average decline of more than 30%.



4. CONCLUSION

Albanian monetary system was established according to the former gold parity of LMU. The institutional framework of Albania's monetary system was a gold exchange standard regime, and gold franc remained pegged constantly to its original gold content. The Albanian franc has long been remembered as one of the strongest currencies of the inter-war period. It is very important to state the fact that the highly restrictive policy pursued by the monetary authorities has been influenced by a wish to maintain the overvalued exchange rate. The analysis of the movement of money and its components, the evolution of the ratio of the coverage of money in circulation and the way that the money creation has occurred, we can conclude that the monetary policy was actually expansive until the early 1932s, heavily restrictive or more restrictive than elsewhere until 1937, in particular for the duration of the Great Depression, and then again very expansive from 1938 to 1943. In general, the foreign component of the money supply played a decisive role, first promoting expansion, then aggravating the restrictive phase with the suspension of the loans. The monetary policy pursued by the National Bank has reserved criticism in regard to a restriction monetary policy, to the law ratio below its statutory limits, and being too strict in granting credit to the Albanian economy, and investing in advance in Italian government securities¹⁶. Also the monetary system

¹⁶ By 1943, treasury bills, which in december 1938 were 12.7% of the total reserves, has come to represent 48.3%.

remain pegged to the gold standard, even in the time of the economic depression. In addition, the advantage of the gold standard monetary system was ensuring price stability, a fact that we have to consider as the impact of the monetary policy pursued by National Bank. After this system stopped working, the expansion in money circulation caused problems of the increase of wholesale price index.

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THE NATIONAL BANK OF ROMANIA AND MONEY ISSUES DURING WORLD WAR ONE

*Ruxandra Onofrei, Sabina Marițiu**

The National Bank of Romania was established in 1880 and ever since it has been the only institution in Romania holding the privilege of banknote issuing on Romanian territory. Coin issues, on the other hand, were the sole attribution of the Ministry of Finance between 1867 and 1963 (Since 1963 metal money was also to be issued by the NBR).



National Bank of Romania – Bucharest Headquarters

* *Ruxandra Onofrei, Sabina Marițiu, Museum of the National Bank of Romania.*

At the start of World War I, in the summer of 1914, the share capital of the NBR was exclusively private, while the founding law strictly provided for all nominal values of banknotes to be circulated - namely 20, 100, 500 and 1000 lei bills. Ever since its establishment, the NBR had cooperated with the Bank of France in terms of banknote printing. The filigree paper for banknotes and printing equipment were also imported from France, and graphic artists and engravers at the Bank of France were mandated to design the layouts and printing clichés needed. Nonetheless, the actual printing of Romanian banknotes was made in Bucharest, at the NBR printing works within its own premises. The start of WW I and later on Romania's participation in hostilities have had a great impact on the issuing policy of the NBR. Between 1914 and 1918 it had to permanently increase the quantity of banknotes in circulation, and this led, as expected, to a series of technical problems that were difficult to solve at wartime.



Romanian coins at the beginning of the 20th century

Romania preserved its neutrality in the war, between 1914 and 1916, nonetheless it was obvious for both decision-makers and the public that eventually Romania had to decide what side to take (of the Entente or the Central Powers). It is well known that in warfare, the state of mind of people is influenced by certain factors and there even is a behavioral pattern that can draw general lines in explaining reflexes of a community in crisis situations. One of these first reflexes would be that of investing or

preserving certain objects of intrinsic value in time, which can be readily used as hard currency (in barters). In the case of Romania there were the silver coins in circulation. The government decided on August 1st 1914 to issue five lei bills, in a total maximal value of 25 million lei. This brief



5 Lei banknote, 1914 Issue

interval goes to prove that there had been earlier causes calling for the need for banknotes of reduced nominal value, and war was merely another alleged reason to do so. Moreover, there are archive documents to attest the fact that at least a part of the five lei banknotes had already been printed in 1913 in Belgium, as per a reception minutes, dated December 12th, 1913.¹ The Minister of Finance, Emil Costinescu, a liberal who had worked with the NBR for three decades, and who had directly coordinated the banknote printing activity, would say that the divisionary coins made of silver “had become completely insufficient, because just like all over Europe, people in Romania are granting more attention to this metal coinage than to bank notes and are hoarding them for darker days. Of course, this is a huge error, as banknotes would obviously carry a value just as indisputable as the metal coinage, while they are preferable in terms of handling. Yet, this error is so widespread, that we cannot prevent it from producing effects, and all we can do is support circulation, by using means of exchange for smaller values”.² The part in this document that is most relevant and supports previous declarations, is Costinescu’s statement that the National Bank of Romania could launch 5 lei banknotes, because it had “had the foresight to prepare them”, and they already existed in NBR vaults.

The new banknotes were issued promptly, and the General Shareholders’ Assembly was pointing at the fact that out of prudence the leadership

¹ NBR Archive, Secretariat, 1/1913, f. 88.

² Marinescu, 1939, pg. 319.

of the central bank had only issued 12.5 million lei up to that date (out of 25 million previously authorized), as it considered that “the need for coinage was met. /.../ The measure proved to be good, we can even say it was beneficial; the initial panic was stopped, at least from the point of view of small money as exchange currency, and manipulating the public was no longer possible”.³ The five lei banknotes were supposed to be withdrawn, with the approval of the government, “as soon as the exceptional circumstances that had furthered their issue would come to an end”.⁴

The situation of the new issue was only regulated in March 1915, from a legislative point of view, with the adoption of a law authorizing the issue of these banknotes. The motivation was once again highlighting the need for a new nominal value: up to that moment, the lack of a banknotes smaller than 20 lei had burdened current operations and had encouraged speculations: “there was a bonus to be paid for exchanging a banknote, at times as high as 10 percent”.⁵

In order to cover the new issue, legal provisions on the matter had to be changed. Therefore, according to the NBR Statutes of 1901 in force, the bank was bound to have a gold reserve of at least 40 percent of the sum of banknotes issued, while “30 percent of the amount could be made up of first-rank bills of exchange (trattas) on English, German, French, and Belgian markets”.⁶ These legal provisions were impossible to apply in the economic circumstances of 1914, and therefore a Journal of the Council of Ministers (Government) on metal coinage coverage was issued at the end of August. This law provided that the National Bank, by exemption, was authorized to consider the 34,8 million lei amount as part of its metal stock, as “gold and gold money tratta at different first rank banks abroad, beyond the amount of 56.6 million lei”, were already part of the metal reserve.⁷

Despite all the optimism at the beginning of 1915, when it seemed that the situation was under control by circulating only half of the already

³ *Marinescu, 1939, pg. 332.*

⁴ *NBR Archive, Secretariat, 3/1913, f. 58.*

⁵ *Marinescu, 1939, pg. 330.*

⁶ *Marinescu, 1939, pg. 331.*

⁷ *Marinescu, 1939, pg. 322.*

approved 5 lei issue, new events called for the gradual release of the total amount of 25 million lei in 5 lei bills. Even more so, in August 1916 the NBR was authorized to issue another 25 million lei in banknotes with the nominal value of 5 lei. These bills were circulated immediately, as the same month Romania relinquished its neutrality and entered WW I.



1 Lei banknote, Type I - 1914 Issue



2 Lei banknote, Type I - 1914 Issue

Nonetheless, the issue of 5 lei banknotes did not stop the increasing demand of money by the Romanian society. Therefore, the board of the NBR, in agreement with the government, decided on printing two new types of banknotes, with nominal values of 1 and 2 lei. In a session on March 12th, 1915, the General Council of the NBR made two important decisions: it approved the prototype for the 10 lei banknote (although it was never printed) and provided on issuing 1 and 2 lei bills for a total value of 15 million lei. These banknotes had to be handed over to the government "in exchange of equivalent sums in large Bank bills".⁸

The decision was enforced in the summer of 1916, when the same finance minister, Emil Costinescu, presented the issue in a minutes showing that the new issue was paramount. The circumstances of the

⁸ NBR Archive, Secretariat, 5/1880, f. 42.

time showed that “we are receiving requests from all over for large amounts of coins, and the impossibility of meeting these needs render them even more demanded. The deficiency is so high that some shops only sell goods to people carrying small money, while workers in certain companies threaten to go on strike if their salaries should not be paid in small currency”.⁹ The prototypes of the two banknotes, designed by Costin Petrescu, an important Romanian painter back in the day, were approved by the board of the NBR, and the initial proportions of the new issues were set: 7.5 million lei in 1 lei bills, 8 million lei in 2 lei bills. (A final proportion was decided upon in November 1916, namely 50 million lei for each nominal value).

Archive documents offer few details on the printing process of 1 and 2 lei banknotes. We only know that they were made of paper imported from France and we are to believe that the actual printing was carried out in Bucharest. It is a fact, though, that due to increasing difficulties in the printing process, the board of the NBR agreed in December 1916 to use single color print for both 1 lei and 2 lei bills. (The NBR had printed banknotes in two colors, ever since 1896).¹⁰



Paper money issued by the Ministry of Finance, 1917

Even though a relatively large amount of “small” banknotes was being circulated, the needs of the market were not completely met and therefore King Ferdinand I promulgated on June 9th 1917 The Law for printing 10, 25 and 50 bani notes, by the Ministry of Finance. We can find the explanation in a statement of reasons affirming that metal coins of those values “were hard to mint and slow” during wartime conditions, “because of the difficulty to procure the metal needed”.¹¹

⁹ Kirătescu, vol. 2, 1997, pg. 95.

¹⁰ NBR Archive, Secretariat, 21/1916, f. 478.

¹¹ Marinescu, 1939, pg. 372.

This is an interesting occurrence, because, legally only the National Bank of Romania had the attribution of issuing print coinage on national territory. Nonetheless, the exceptional situation of the country at that time claimed for exceptional solutions, so that the leadership of the NBR accepted, during a board meeting on May 4th 1917, to temporarily renounce its exclusive right of note printing.¹² Therefore, the Ministry of Finance was authorized to issue “paper money for a total value of 10 million lei, as follows: 5 million lei in 50 bani; 3 million in 25 bani; 2 million in 10 bani”.¹³ The notes were printed in Romania, by the Geographical Service of the Army, with a common element: the effigy of King Ferdinand I. These were the first Romanian banknotes featuring the portrait of a monarch and, from information to date, it seems that these are also the smallest monetary paper bills in the world.¹⁴

Romania entered the war on the side of the Entente, in August 1916, yet, after an initial victorious campaign in Transylvania, the Romanian army was gradually defeated and forced to withdraw in front of German, Austro-Hungarian and Bulgarian troops, moving closely towards Bucharest. In November 1916, the royal family, the government and all central authorities (the NBR included) left the capital and took refuge in Iasi (The borders of the Romanian state were at that time limited to the outline of the old historic province of Moldavia).

The National Bank had previously evacuated its entire gold reserve to Iasi, and at the end of 1916 it was shipped to Moscow. The general headquarters of the NBR in Bucharest had been occupied by the Germans, including the entire printing facility; so that printing new banknotes became a serious problem, in technical terms as well. Foreseeing such events, the governor of the NBR, Ioan G. Bibicescu, had already begun consultations with the Bank of France with a view to cooperate in printing Romanian notes. A letter by the governor of the Bank of France, Georges Pallain, dated November 23rd 1916, brings about the fact that up to that point there had been negotiations with one of the most important paper suppliers in France, Papeterie d’Arches, who had already confirmed their availability to produce the paper needed by the NBR - for 300,000 bills of 20 lei and 100,000

¹² NBR Archive, Secretariat, 5/1880, f. 41.

¹³ Marinescu, 1939, pg. 372.

¹⁴ Marițiu – Cîrjan, 2007, pg. 110-112.

bills of 100 lei. Nonetheless, this was insufficient as per the needs of the Romanian market; a market described by Bibicescu as “far more substantial”.¹⁵ The French governor was asked to allow the fabrication of metal sieves needed for filigrees in the printing works of the Bank of France and to support doubling up paper supplies for the printing of Romanian banknotes. As the factory in Arches was not able to carry the total request, Bibicescu turned to stationery suppliers “Du Marais” and “Sainte-Marie”, an old supplier of the NBR, and ordered the following paper quantities: 6 million 20 lei bills, 3 million 100 lei bills made of ramie paper and 5 million 5 lei bills made of chiffon paper.¹⁶ Bibicescu’s letter goes to prove that at the time Romanian banknotes were printed at the Bank of France. The NBR governor was letting his counterpart know that Iasi, the capital city, had provisionally suspended the printing of 1,000 lei bills in France, and that there was only one order for banknotes with the nominal value of 20 and 100 lei. The bills were to be shipped to Iasi, in uncut sheets of paper, numbered, but with no mention of the printing date and no authorizing signatures.



National Bank of Romania – Iasi Branch

Bibicescu’s intervention was successful, so that at least during 1917, Romanian banknotes of 20 and 100 lei were printed in Paris. In March

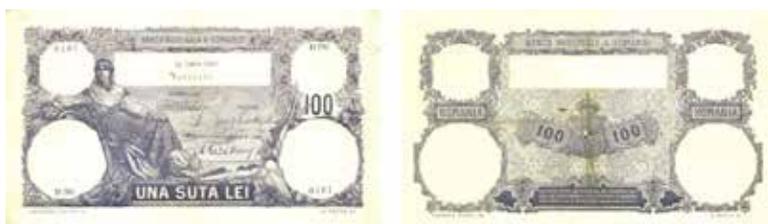
¹⁵ NBR Archive, *Secretariat*, 3/1913, f. 285.

¹⁶ *Papeterie du Marais et de Sainte-Marie* was at the time the paper supplier for the 5 lei notes.

1917 a transport of 10 cases with 80 million lei in banknotes with a denomination of 100 were being shipped from the Bank of France to the Bank of England to be further transported to St. Petersburg and then to Iasi. Archive documents mention two additional transports from the Bank of France during 1917: one in September (8 cases with 20 lei banknotes) and another in November (21 cases with banknotes with no nominal value mentioned).¹⁷



Proofs of the 100 Lei banknote printed in St. Petersburg - 1917



100 Lei banknote - 1917 Issue

The solution of producing money in France was only temporary, due to transport difficulties generated by the war. Therefore, in February 1917 a NBR delegation was sent to St. Petersburg to negotiate with Russian authorities the printing of Romanian banknotes in the same city. The Russian party approved the request and the actual production

¹⁷ NBR Archive, *Consiliul General*, 136, f. 93.

started at the beginning of April at the printing shop of the Savings House of Russia. The first banknotes were 2 lei bills, printed on plain American paper, made available by the Printing House of the Russian Empire. Later on, the same location hosted the printing of 5 and 100 lei banknotes on Japanese paper.¹⁸

Despite all efforts by the central bank, the market was still indicating a severe need for money. In order to avoid new money issues, the leadership of the NBR addressed an appeal to the population in February 1917 explaining the danger of an unrestrained increase of monetary circulation, pointing at the threefold increase over 1915 – 1916. The central bank considered the hoarding of banknotes the main cause of the situation, explaining that people were driven to that behavior “by an unjustified fear /.../ and no legitimate explanation”.¹⁹ Even though the notes appeared to be circulating, in real terms they were not, and that caused “a great burden, both in covering the metal value of the notes, and the needs of circulation”. This is why people were kindly asked to “safely” deposit their savings in accounts opened with the NBR, with the possibility of withdrawing “daily and as often as desired, any amounts they would need”, with no interest by the NBR. Alongside indisputable advantages of keeping savings in an account, the NBR was also pointing at serving “the superior interest of the country. /.../ It is a patriotic duty for each citizen not to keep banknotes at home for no good reason”.²⁰ We do not know the impact of this appeal to people, but it is obvious that the need for banknotes was surpassing by far the pace of the printing process. The need to mend torn bills and recirculate them was emphasized, while only withdrawing and destroying the ones beyond repair. Even more so, stocks of annulled bills had to be re-examined in order to recuperate banknotes that could still be circulated.

The printing shop of the Savings House of Russia could not meet all requests from the NBR, so that an additional private printing shop was hired for printing Romanian notes - Golke and Co. It was there that the printing of 1 lei notes was carried out, initially on American paper and, when it ran out, on Japanese paper. It was also there that earlier bills, already printed at the Savings House, were numbered and marked.

¹⁸ *Băicoianu*, vol. 3, 1933, p. 153.

¹⁹ *NBR Archive, Secretariat*, 21/1916, p. 503.

²⁰ *NBR Archive, Secretariat*, 21/1916, p. 503.

The printing process for Romanian notes in St. Petersburg was very intensive, so that, by the end of June 1917, an important amount of bills with a nominal value of 1, 2, 5, 20 and 100 lei had already been printed, and transported to Iasi in three stages.²¹ Due to political events in Russia, printing conditions for NBR notes became inopportune in St. Petersburg, so it was concluded that a printing shop had to be found in Moscow. The initial idea was to rent out such a business, but after "thorough research", the NBR decided to buy a printing facility. The General Council approved the proposal on August 24th 1917, and purchased the printing shop "E. I. Peciughina for 210,000 rubles plus interests and expenses."²² Documents of the time mention that it was a fully equipped facility, in a separate location, with new and fine-tuned machines and according to preliminary calculations there was an important price reduction of almost 45 percent, as compared to prices in St. Petersburg".²³ This printing house operated until the end of 1917, and bills of 5 and 100 lei, printed there reached circulation in August 1917.

After the Bolsheviks seized power in Russia, the NBR printing house in Moscow was confiscated. The printed notes in stock were nonetheless shipped to Romania, as well as a part of the printing paper and several other typographic materials. Yet, all technical equipment was left in Russia, as well as 175,000 1 lei unmarked bills, printed and numbered, and 960,000 2 lei bills, printed and marked.²⁴

The banknotes produced in Russia circulated for several years after the conclusion of the war, even though in the summer of 1918 bank branches were informed on the intention to withdraw those bills as soon as possible. Romanian authorities returned to Bucharest in December 1918, at the end of WWI, at the establishment of the greater Romanian national state. One year later governor Bibicescu signed a minutes addressed to all branches of the NBR asking that as soon as "Russia type" banknotes were reaching bank counters, they had to be seized and sent to the central headquarters. A similar attempt had taken place previously, the same year, with a withdrawal order for the same bills.

²¹ Păunescu – Ștefan, 1999, p. 25.

²² NBR Archive, Secretariat, 5/1880, p. 33.

²³ NBR Archive, Consiliul General, dosar 161.

²⁴ NBR Archive, Secretariat, 23/1916, p. 99.

The governor asked bank officers to also examine how people had got hold of those banknotes.²⁵

The reasons for this hasty withdrawal were well founded. In the extremely agitated atmosphere in the years after the war, Bolshevik propaganda was trying to gain followers. In this respect they needed substantial funds and, according to documents, the General State Security in 1921 was in possession of information that Bolsheviks were already "circulating fake banknotes of the National Bank of Romania, with a value of 100 and 500 lei, that had been transported to Romania". In the wake of this information, the board of the NBR sent a confidential minute to all branches and agencies by which bank employees were informed "to be as vigilant as possible when finding such bills, so that their providers should be apprehended".²⁶

Despite all, "Russia type" banknotes continued circulating. In October 1921 it was decided that 5 and 100 lei notes printed in Moscow should be withdrawn over a three years span, starting in January 1st 1922. Yet, it seems that the measure could not be entirely applied, as in November 1925 the board of the NBR decided that Russia printed 100 lei notes should be exchanged until January 1st 1926.²⁷

The National Bank of Romania was confronted with a new challenge after WW I: a monetary unification. With a view to the new, enlarged frontiers of the Romanian state, comprising after 1918 Bessarabia, Bucovina, and Transylvania (provinces inhabited by Romanians that had been part of Tsarist Russia and Austro-Hungary) new monetary signs started circulating - several types of rubles, Austro-Hungarian crowns, as well as occupation lei, issued by German occupation authorities between 1917 and 1918 – alongside banknotes issued by the National Bank.

Yet, this is an episode to be discussed on a future occasion.

²⁵ NBR Archive, *SecrXetariat*, 6/1919, p. 171.

²⁶ NBR Archive, *Secretariat*, 23/1916, p. 89.

²⁷ *Marițiu – Cîrjan*, 2007, p. 42.

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THE NATIONAL BANK OF ALBANIA, RELATIONS WITH CENTRAL AUTHORITIES, SEPTEMBER 1943 - OCTOBER 1944

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The Journal of the Central Directorate of the National Bank of Albania, in Tirana, is undoubtedly a very complex and interesting document, but above all, it is an invaluable source of information, which may be considered as one of the most reliable documents for scholars and researchers.



Office of the administrators of the Central Directorate in Tirana, ca. late '30s early '40s.

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A number of important journals are kept at the Central State Archive of Albania, but where we focus on one of the most particular ones, that on the National Bank of Albania. The archive fund of this significant financial institution in Albania is rather rich, yet little consulted for research purposes. The fund is divided in two sections based on two historical periods: up to 1944; and from 1945 to present day. The archive fund "National Bank of Albania", with reference number 179 consists of 5830 storage units with 312,000 pages of documents. This valuable treasure comprises also the 366 pages of the Journal, written mostly in Italian and very few pages in Albanian and French, implying that its keeper might have been one of the Italian employees of the Bank.

But why did the directors of the Bank, unlike before, deem it necessary to keep a journal at this time? Did this have anything to do with the situation created after the Capitulation, the departure of the Fascist government, and Italy switching on the side of the Allied Forces against Nazi Germany? Or was it due to the lack of or difficulties in communication with the headquarters in Rome, which forced the directors of the Bank to register in the Journal detailed political, military and, above all, economic-financial developments in Albanian territories, including the newly united provinces with Albania: Kosovo and Dibra? After a careful reading of the Journal, we have come to the conclusion that the arrival of the German troops in Albania has been a very strong reason for noting down and documenting the situation.

Thus, this Journal represents an important source, not only on the activity of the Central Directorate in Tirana, of the branches and agencies of the Bank in many Albanian cities, but also on several personalities of economy and politics in the last year of WWII. The Journal starts on 9 September 1943, one day after General Badoglio announced on the radio that Italy rescinded its alliance with Nazi Germany and that the Italian army would now side with the Allies. Its last page registers the date 24 October 1944, which coincides with the day the fighting for the liberation of Tirana began.

The 366 typed pages of the Journal, written by one of the five senior functionaries of the Central Directorate of Tirana (CDT), which we believe is Rodolfo Janniello¹, keep daily records on what was happening at the

¹ *The Directors of the Central Directorate in Tirana were Ettore Melis, Loro/ Lorenzo Musani, Ugo Olmastroni, Rodolfo Janniello and Guido Depauly. We can observe that the keeper of the Journal, supposed to be Rodolfo Janniello, in the notes on the various meetings of the Directors, mentions everyone by name, except himself.*

CDT, in the branch of Tirana, the other branches and agencies and overall on the tensioned situation in Albania. It is interesting to note that Mr Janniello registered with the precision of a bank's employee the date and the hour every time he wrote in the Journal the notifications reaching this Directorate. Every day of the thirteen months covered by the Journal is recorded into its pages. There we see information from across Albania via telephone, telegram, cablegram, postal service, in person or through meetings of the directors of the Bank with representatives of the Albanian Government and high-level authorities of the German army. It is rich body of information that, for a researcher, can be considered as a "gold mine".

It is impossible to summarize all the information in the Journal in a presentation to a Conference. Its important data cover historical-social fields as well as banking and finance. For this reason, we focus only on a few items of evidence on the grave historical situation in Albania after the German occupation and, especially, some key difficult moments for the monetary system and the banking system in Albania, , at the at the National Bank of Albania (NBA), as well as on some particular events in branches and in Tirana.

The arrival of the German troops in Albania can be described as really tragic for the Italian citizens that remained in Albania, both civilian and military, mostly for the latter. The Journal features some interesting notes related with the arrival of the German troops in Albanian territories.

Thus, on 9 September 1943, the Journal states that: "... the high military leaders (including doctor Melis²), were informed on the ceasefire only at around 19:00, from a communication from the British radio; meanwhile, the news was refuted by Radio Tirana after Rome was asked by phone and it ruled out the announcement. The communication of 20:30 with the declaration of Badoglio was the first and only official

² Prof. Dr. Kristo Frashëri, in his work "Currency, lending and the Bank of Albania" explains that: "In early September 1943, the political situation in Albania deteriorated. The cooperation state administration was living its last days. The discipline of civil servant broke down everywhere. The same happened to the employees of the NBA. As a consequence also the bank counters of the few banks worked only occasionally. To somehow curb total unravelling, General A. Pariani, general viceroy of the King Emperor of Italy, decreed in 3 September 1943 the civil mobilisation of the employees of the NBA treating them as military personnel on duty. The Decision also included the personnel of the National Bank of Labour ..." Maybe for this reason, Ettore Melis, Central Co-director of the NBA, was notified of the ceasefire at the same time as the senior Italian military officers.

news we have had until now. Meanwhile, we heard that the Germans and the Bulgarians are about to invade Albania.”

Despite the difficulties in the telephone-post-telegraph communication sector, the Journal has very interesting reports on the new situation created after the arrival of German troops, especially in the cities where the Bank had its subsidiaries. The news arriving at the Central Directorate of the Bank in Tirana was sorted by a strict chronology. Often, they are contradictory and not very clear, but the directors decided to register all. Starting from 8-9 September 1943, phone communications with subsidiaries reflect the very chaotic situation that dominated everywhere, both in the political and military level, above all, in the economic-financial one.

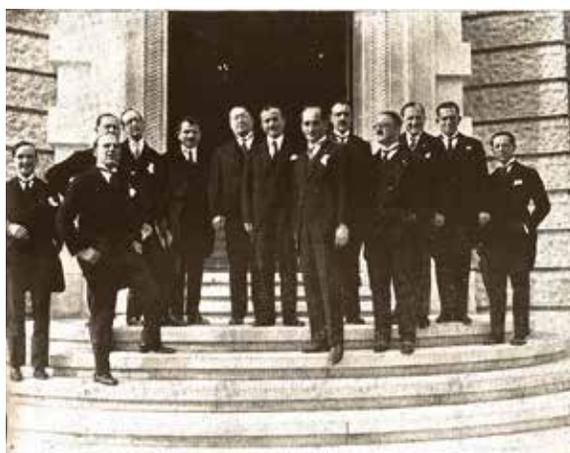
From the information of the first days reported in the Journal, September of 1943 was a very difficult month for the activity of both the NBA and the banking system overall. Among other things, through an order of the Italian IX Command, on 11, 12, and 13 September, the banking activity in the country was completely suspended until 20 September 1943 and only the NBA continued its activity, albeit sporadically. Branch and agency counters could not be opened according to the official schedule.



NBA's regional branch, transactions with clients, late '30s.

In this situation of asphyxiation of banking and financial activity, the Journal reports that the frang banknote continued to circulate and to be used as a means of exchange in the market. Meanwhile, not only did the CDT and the NBA not have a sufficient stock of Albanian banknotes

to supply for a normal circulation, but they could not even act due to the complete isolation from Rome. We must bear in mind that first functional Albanian national bank³ was established in Rome on 2 September 1925. The Head Office of the Administrative Council that managed the overall policies of the NBA was situated in Rome, while the Central Directorate was initially based in Durrës and then moved to Tirana in 1938. It is understandable then that this isolation created considerable difficulties for the directors of the CDT. During the first days recorded in the Journal, this is clearly stated when it comes to the different requests of German and Italian representatives for supply with Albanian banknotes. Hence, during the second week of September 1943, the CDT gave clear orders declining to provide the amounts required by the outgoing Italian Military Command or by the senior officials of the incoming German army. Frequent instructions were also given to numerous



INAUGURIMI I NDRËTSES SË DREJTORISË SË PËRGJITHSHME TË BANKËS KOMBËTARE TË SHQIPNIS. DURRËS, 1925

Finzenzo Azzolini, Governor i Bankës së Italisë (i katërti nga e djathta); Ambasador Finzenzo Lojacono, President i Shoqërisë për Zhvillimin Ekonomik të Shqipërisë - S.V.E.A (i treti nga e majta); Aveskat Amedeo Gambino, Këshilltar në BKSH (i dyti nga e majta); Mario Alberti, President i BKSH-së; Arkitekti Vittorio Ballio Morpurgo (në qendër); personalitete italiane dhe shqiptare të kohës, si Mehmet Frashëri dhe Musa Jaha.

Inauguration of NBA's building in Durrës, 1926. Fourth from right, Vincenzo Azzolini, Governor of the Bank of Italy; third left, Ambassador Vincenzo Lojacono, President of S.V.E.A; Amedeo Gambino, Delegated Advisor of NBA, second left; Mario Alberti, President of NBA; centre, Vittorio Ballio Morpurgo, architect of NBA's buildings; Albanian ministers, Albanian and Italian prominent personalities.

³ The first national bank was founded on 4 October 1913, but, due to the historical circumstances at that time, could not have any significant activity.

branches and agencies. The main order had to do with the limited use of lending, since the Bank needed to preserve as much as possible the small stock of banknotes left in its vaults, as from the early days after the Capitulation, it had to face significant difficulties to withdraw monetary liquidity from the Head Office in Rome. Attempts to obtain an airplane from the German Command failed.

In the notes of Friday, 10 September 1943, Ettore Melis had to turn down a request from the former leaders of the Italian Command to withdraw funds needed for the remaining Italian military units in Albania, justifying himself with the difficult situation of the lack of Albanian frangs in NBA's vaults. The same reasoning was also applied for the request for funds by the German officer, Major Tiller. On the same day, Melis assured outgoing ministers Fejzi Alizoti and Andon Beça that the monetary funds available in the coffers would be maintained, if possible, in order to use them for the needs of the Albanian Government and the people. Here it also refers to the constant pressures by two Italian commercial banks demands for cash.

The Journal records also cases of forced withdrawals of considerable amounts of banknotes by the Italian troops. According to the notification of Bernardo Garofalo, clerk at the subsidiary in Berat, "on 11 September, the partisans entered into the city and were received by the people with enthusiasm. Since they had no notice from Tirana they continued their work normally ". But on Sunday, 12 September 1943, Major Rosario Lauria had demanded without any documentation 500,000 frangs to pay soldiers and officers. After the resistance of the Director of the subsidiary, Bernardo Fazio, for the allocation of the 500,000 frangs, arguing that the claim was not based on any loan title, Major Rosario Lauria and Lieutenant Alberto Caminata knocked at the home of Director Fazio and demanded the money, threatening that in case of refusal they would tie him as



Italian soldiers in front of the head offices of the NBA, late '30s.

a "sausage" together with the clerk of the branch, Xhevahir Beshiri. The funds they took were almost the entire amount available at the branch, 1,131,000 frang (instead of the 500,000 demanded), leaving the branch of Berat with only 16,000 frang in small fractional denominations for "urgent operations". Frightened that he would end like his predecessor, Primo Mechini, killed by the partisans only some months earlier (15 May 1943) in the workplace, with the accusation on financially supporting the Fascist Italian army, Fazio abandoned his duty and fled together with the robbers.

Also, money robberies from subsidiaries of the Bank by partisan groups were registered in other cities, like Vlora, where the director Giuseppe Terruzzi managed to save himself together with his wife, by escaping the building of the Bank.

In these conditions, the senior directors of the Bank, Ettore Melis and Ugo Olmastroni were forced to require a meeting with the German Consul in Tirana. According to the Journal, on 12:00, 11 September, as scheduled, they went at the General German Consulate, but the Consul could not meet them since "... An urgent call had forced him to leave the office...", and that they would be notified as soon as possible for another meeting. But only 30 minutes later, they met "casually" on the street the former commercial attaché of the General German Consulate, Mr von Scheiger, who had been away for several months from Tirana and had returned on the night of 9 September for a special mission. The first question he had for the two directors of the Bank was: "Are you ready to cooperate with the German authorities?" The answer, as written in the Journal, could not be anything else but "Yes". After that, von Scheiger would inform Melis and Olmastroni that Germany, unlike in other occupied countries, where it had imposed the use of the "German war mark", would in Albania leave the Albanian frang into circulation and make payments in this currency.

Regarding the concerns of the directors of the Bank on the impossibility to withdraw liquidity from Rome, he told them that everything would be alright, since Rome was by now in the hands of the Germans. Von Scheiger was well informed on what was happening in the Head Office in Rome.

After this meeting, Melis and Olmastroni understood that the Germans had captured the banknotes, gold and printing plates of the National Bank deposited in Rome.

Regarding putting into circulation of the war mark in Albania as well, a note of just a few days after, on 18 September 1943, shows that the information of von Scheiger was either not true, or the German authorities had changed their minds. In the Journal, it is described how the Albanian authorities had managed to avoid subscribing to an agreement with the German authorities for putting into circulation 10 million war marks: "Mr Pasko informed us (we read in the Journal) that the Committee (we are talking about the Interim Albanian Government, our note) was very hesitant, stating to the Germans the belief that it would not be the right move for the government to make as its first act the imposition of the use of the mark. Faced with these objections, the German Command withdrew its demand."

Regarding the relations of the NBA with the Albanian Government, as well as with the German party, we observe that they were mainly focused on: lending to the German army, the plates for printing Albanian banknotes, as well as talks on the return of the Albanian gold seized in Rome by the German army. It is widely known that on 12 September 1943, the German Ministry of Foreign Affairs, through a telegram to the German Embassy in Rome, instructed the immediate withdrawal of Albanian reserves and banknotes stored in Rome. That same day, the German Minister for South East Europe, Herman Neubacher, ordered that, in addition to the banknote reserve, the printing plates, gold and foreign exchange reserves owned by Albania should be withdrawn. Thus, from the Bank of Italy, the Zecca of Rome and the premises of the NBA in Rome were seized by the German army: the banknote reserve in the denomination 100 frang amounting 120,523,902 frangs, as well as their printing plates; the Albanian gold worth 8,062,826.90 Albanian frangs; and the printing plates of the Albanian banknotes in circulation. Upon the order of the aforementioned Minister, the quantity of reserve banknotes came by airplane to Tirana and was deposited in NBA's vault, while the gold was deposited at the Reichsbank in Berlin, to be returned to Albania only after long years of vicissitudes.

The content of the talks between the Albanian, German and NBA parties, meticulously reported in the Journal, show that the Germans' intention was to increase the amount of funding and secure the financing of their military spending in Albania. The German side achieved these goals with the support of the Albanian state and with the unkept promises on the return of the gold, by depositing it on behalf of the Albanian government or the NBA in a Swiss bank. It is a well-known fact that this resulted in an empty promise.

The NBA, as mentioned above, opened its counters on 20 September 1943, forced to, after three days of negotiations with the Albanian Government, the German Consulate and the German Army, declare that its activity would be limited only to financing the expenses of the Albanian Government and the German Army, without any other activity related to discounting, transfer or lending to private clients. The German party initially withdrew 80 million Albanian frang from the NBA in the form of loans authorized by the Interim Executive Committee (the Albanian Government). On 21 April 1944, the German Consulate demanded from the Bank and the Albanian Government funds to cover expenses of the German army through the payment of 30 million Albanian frang per month

On 29 September 1943, the Interim Executive Committee ordered the Director of the NBA that the latter fund the expenses of the German army in Albania, accepting as the only guarantee the receipts issued by the German Consulate in Tirana. So, the amount of the Albania currency into circulation and its further depreciation depended on these receipts and the size of budget deficits of the Albanian Government.

If we look at the data on banking deposits and lending in Albania during the period September 1943 - November 1944, we observe that the NBA, after managing to restore communication with its directors in Rome, decided to cooperate both with the representatives of the German party and with the Albanian Government. It would keep financing the parties as available and it would maintain the direction of the Bank. In this period, the following loans were granted to the German party in Albanian frang:

Month	Every month	Progressive amount in Alb. fr.
September 1943	13.000.000	13.000.000
October 1943	23.500.000	36.500.000
November 1943	10.000.000	46.500.000
December 1943	10.000.000	56.500.000
January 1944	—	56,500.000
February 1944	7.500.000	64.000.000
March - April 1944	—	64.000.000
May 1944	7.000.000	71.000.000
June 1944	7.000.000	78.000.000
July 1944	3.000.000	81.000.000
August 1944	4.000.000	85.000.000
September 1944	7.000.000	92.000.000
October 1944	7.000.000	99.000.000

Source: *History of the Central Bank in Albania, Bank of Albania, 2003, Tirana, p. 64.*

According to the above data, it turns out that through the issues of only a monetary receipt by the German Consulate in Tirana, the NBA has supplied the German Army with 99 million Albanian frangs or around 92% of all the amount of banknotes withdrawn by the Treasury of the Bank of Italy in Rome, which were subsequently taken over by the CDT officials of the NBA. Also, the Report on financial monetary issues for review by the Albanian-Germany Commission, published on 1 December 1943, shows that the German representative, Sarg, during bilateral talks, promised that Minister Neubacher would bring to Albania 2 million gold mark to repay the loans. The promises were not kept and the deadline was extended to 31 December 1945⁴. But this deadline was not honoured either. On the contrary, it is reported that on 11 October 1944, Lieutenant Franz Janko, after checking the treasury of the NBA, took its keys with himself. On 30 October 1944, the Germans withdrew by force from the treasury of the Bank in Tirana 9,634,690 Albanian frangs, of which 2,740,000 in banknotes and 13,519 gold coins worth 6,894,690 Albanian frangs.

As noted above, one of the important issues noted in the Journal is that of banknote printing plates, which were never returned to Albania. The keeper of this Journal is careful to note that the Germans had to face the continuous opposition of the CDT directors on the issues of new Albanian banknotes, to be printed in Vienna. In addition, in order not

⁴ *History of the Central Bank in Albania, Bank of Albania, 2003, Tiranë, p. 65*



Vault room at the NBA in Tirana, late '30s.

to give the required signatures to validate the banknotes, the senior functionaries of the NBA also destroyed the printing plates of Albanian banknotes remained in Albania, in order to prevent re-issues. At the beginning, on 16 September 1943, the Interim Executive Committee ordered, inter alia, that by February 1944 the NBA had to realize a project on new printing plates featuring motives from Albanian life on the banknotes. The project was never implemented. Neither did the Germans' proposal to print new banknotes in Belgrade or Berlin succeed. Despite the express consent to withdraw the German war currency put into circulation in Korça prefecture in the early days of the occupation, the German party demanded the value of war marks ought to be compensated with Albanian frangs. The last attempt to issue a new series of Albanian banknotes was carried out in September-October 1944, when a commission was set up for the implementation of the measures for printing new banknotes. It was proposed that the printing plates be prepared by "Kosturi" and printing by "Luarasi" printing house, but this proposal was not implemented. As a result, with the exemption of cheque notes of 1943, issued to fill the shortage of banknotes in the market, no new issue was carried out. Thus, during the period reported in the Journal, as well as during the years 1939-44, the

monetary circulation in Albania was realised only with banknotes and coins of the NBA in gold frangs, in Albanian frangs (denominations of 1926-1940) and the aforementioned cheque notes.

To supply the significant needs of the Wehrmacht, the Germans were forced to bring into Albania around 500,000 gold marks, equivalent to 240,000 Albanian frangs. The Italian functionaries of the NBA, also with the approval of the Technical Advisor of this institution, the renown financier Dr Dhimitër Pasko, also known by his pen name Mitrush Kuteli, refused to allow that currency trading operations with Albanian private citizens be carried out from the counters of the NBA and was initially discussed if it could be left to moneylenders to carry out such operations. But they kept the operations under control through the counters of the Italian commercial banks. From the Journal, we learn that, according to the senior Italian functionaries, this monetary net flow constituted a unique situation among the countries that suffered a German invasion during the WWII.

Given the limited scope of this paper, it was impossible to deal at length with the extensive information recorded in the Journal of the Central Directorate of Tirana (NBA). Therefore, at the end of this presentation, it seems appropriate to emphasize that the data obtained from its contents help both scholars of the history of the Albanian banking system as well as researchers in other fields of the Albanian history.

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WESTERN EUROPE OR CHINA? AN ECONOMIC INTEREST ASSESSMENT WHY WAS WESTERN EUROPE SAVED FROM COMMUNISM BY GEORGE MARSHALL AT THE BEGINNING OF THE COLD WAR, 1945-1949, WHEREAS CHIANG KAI-SHEK'S NATIONALISTS WERE ABANDONED AND LEFT IN THE HANDS OF MAO ZEDONG'S COMMUNISTS?

*Dr. Gjon Boriçi**

ABSTRACT

At the end of Second World War, the United States of America was tasked after winning over Nazi fascism and Japanese militarism to integrate the world into their political and economic system. The Communist threat to world domination was more real than ever. In the early post-war moments, the victorious General George Marshall, initially in uniform and then with the suit of the US Secretary of State, would try to shake Europe from the war's destruction and save it from Bolshevik danger. On the other side of the world, he would undertake a mission impossible to build a Chinese democracy to save the country from Mao Zedong's communist domination. He spent 13 months of his life in China hoping of organizing a joint government coalition between nationalists and communists. On the other hand, in a war-torn Europe, he would try to impose a similar US economic and political system. At the end of his mission, he will lose half of Europe and China. In this paper, I will try to make a comparison between the real political and economic possibilities that why Western Europe was chosen to be saved and the multimillion population of Eastern Europe and China were left in the hands of communism. The study will focus on a short period of time from 1945 to 1949, based on the latest literature and recently declassified documents to prove that economic interests prevail

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even in times of war over political idealism even focused in a limited political-economic space.

Key words: *George Marshall, United States of America, China, Europe, Soviet Union, Marshall Plan, economy.*

1. POST SECOND WORLD WAR DILEMMAS

At the beginning everything starts with a war. Since the early days when history started to be written, the war has been the “mother” of everything according to the Greek historian Herodotus.¹ Following this logic, the Marshal Tribulzio told the king Louis XII, when the latter was becoming ready to invade Italy on 1499 that “what Your Majesty needs is money, more money, money all the time”.² Also, the sister of Charles V, the emperor of the Holy Roman Empire of the German Nation advised her brother that he couldn’t win the war on behalf of Christendom if he wouldn’t possess the necessary financial means to secure victory.³ A century later the Cardinal Richelieu, prime minister of France, would say that “gold and money are among the chief and most necessary sources of the state’s power”.⁴

The Cold War which different historians as Niall Ferguson have called it “the Third World War” wasn’t fought with nuclear weapons in the stratosphere, but with semi automatic weapons in the globe’s jungles and deserts called the Third World.⁵

We should understand that a war of any kind starts when two or more countries are economically more advanced and their position seems secure. Secondly, a more priceless lesson is when a high scale war starts as the Cold War would be, is that resembles with a race, when principally in a better position is who starts it, but depends who ends it and how it ends. Anyway, whoever is the winner or the loser, the

¹ Niall Ferguson, *The cash nexus; money and power in the modern world, 1700-2000*, New York: Basic Books, 2001, *op. cit.*, p. 23.

² *Ibid, op. cit.*

³ *Ibid, op. cit.*

⁴ *Ibid, op. cit.*

⁵ Niall Ferguson, *The square and the tower; networks and power, from the Freemasons to Facebook*, New York: Penguin Press, 2018, p. 267.

memories of the war remain unforgettable for the generations and always are tented to be kept alive.⁶ The troubles and the dilemmas that involved western world victor countries were numerous. Germany was the country that had more blemished itself and the stand of western allies was much coloured from the memory of the First World War and the peace that followed it.⁷ With the victory against Nazi-Fascism and Japanese militarism, a new world order had to be established from the ruins of the old. On the European continent, the Soviet armies in the east and the Anglo-American in the West stood one against the other. In the first months of peace, it seemed that communism would soon rule the world. After the first failures, in order to find equal terms of discussion with Stalin in Yalta (4-12 February 1945)⁸ and above all in Potsdam (17 July to 1 August 1945)⁹, the United States of America and the United Kingdom were looking for a new strategy regarding the new world order. The main problem was that Western anti-Fascist allies did not have a genuine political strategy as how to restrain Soviet Union's further advancement under control.

By the end of WWI, everyone was interested in knowing the costs regarding humans lives lost as well as financial losses. According to recent data, WWII claimed more than 60 million lost lives and cost USD 1 trillion (equivalent to USD 15 trillion in 2013).¹⁰ Scholars as Niall Ferguson claim that the Second World War cost was USD 373 billion.¹¹ More than three million hectares of land was stepped down and ruined by the armies and for a long time remained uncultivated.¹² It was indisputably, the most bloody and destructive conflict in history. Keeping in mind these losses and fully aware that a new conflict was on

⁶ Niall Ferguson, *The ascent of money; a financial history of the world*, New York: Penguin Books, 2008, p. 341.

⁷ Keith Jeffery, *M16; the history of the secret intelligence service, 1909-1949*, London: Bloomsbury, 2011, p. 653.

⁸ W.R. Smyser, *From Yalta to Berlin; The Cold Was Struggle over Germany*, London: Macmillan Press, 1999, pp. 5, 10, 17. See H.W. Brands, *Traitor to his class; the privileged life and radical presidency of Franklin Delano Roosevelt*, New York: Anchor Books 2008, p. 792, & Joseph E. Persico, *Roosevelt's secret war*, New York: Random House 2001, p. 362.

⁹ Smyser, *From Yalta to Berlin...*, p. 18.

¹⁰ Ian Morris, *War: what is good for? The role of conflict in civilisation, from primates to robots*, London: Profile Books, 2015, p. 271.

¹¹ Niall Ferguson, *The cash nexus...*, p. 399.

¹² Serge Berstein & Pierre Milza, *Histoire du monde de 1900 á nos jours; Du XXe au XXIe siècle*, Paris: Hatier, juin 2018, p. 234.

the brink, the western leaders led by US President Harry Truman began to study new political and economic approaches how the upcoming war should be faced. The invention of the atomic bomb and the nuclear bombing of two Japanese cities (Hiroshima and Nagasaki, 6 and 9 August 1945) with such power convinced the whole world that a nuclear war would bring the humanity to end and consequently the capitalism as well.¹³ This fact is also reinforced by the idea that Stalin had turned the Soviet Union's nuclear bomb production into a priority in the 1945-1946.¹⁴ The world had to realize that a conventional, worldwide war should not happen anymore. But everybody was convinced and aware of the fact that wars would not end with the end of WWII. Naturally, the question arises: what would a new war look like and how much would it cost?

2. THE END OF THE CHURCHILL-STALIN PERCENTAGES AND THE NEW AMERICAN STRATEGY IN CHINA

In October 1944, the British Prime Minister Winston Churchill made a secret visit to Moscow, where he met with the Soviet leader. During the meeting he proposed the division of the areas of influence in Central, Eastern and South-eastern Europe.¹⁵ Stalin quietly dismissed the British Prime Minister's proposal. A year later, Britain's strongest ally, US President Harry Truman, sent the most successful general of WWII, George Marshall, on a mission to China. He arrived in China on 22 December 1945.¹⁶ China's population in 1945 was 422 million.¹⁷ This fact constituted a compelling factor for a new market of extraordinary power. Since the end of 1945 marked the undeclared launch of a new war known as the Cold War, the calculations needed

¹³ Jay Bergman, *Meeting the demands of reason; the life and thought of Andrei Sakharov*, New York: Cornell University Press, 2009, p. 48.

¹⁴ *Ibid*, p. 49.

¹⁵ Oliver Stone, & Peter Kuznick, *The untold history of the United States*, London: Ebury Press, 2012, p. 115. *The division of the impact zones proposed by the Churchill was as the following: Romania- 90 % Moscow/ 10 % West; Bulgaria- 75 % Moscow/ 25 % West; Yugoslavia - 50 % Moscow/ 50 % West; Hungary- 50 % Moscow/ 50 % West; Greece- 10 % Moscow/ 90 % West.*

¹⁶ Daniel Kurtz-Phelan, *The China mission; George Marshall's unfinished war 1945-1947*, New York: W.W. Norton & Company, pp. 50, 53.

¹⁷ *Ibid*, p. 68.

to be accurate for building a new strategy. This would be a war of a whole new type where the two main "rivals" the United States of America and the Soviet Union would never fight militarily against each other, but second and third countries would sacrifice themselves in the supremacy race between the two superpowers.

In the new American strategy at the beginning of the Cold War, China seemed more attractive to American political and economic investment. In order to win a giant Chinese market, General Marshall had to be careful through complex negotiations between the nationalists of Chiang Kai-shek and the communists of Mao Zedong. The civil war that started in China in early 1946 between nationalists and communists was another element that would have to be overcome with dexterity.¹⁸ It was no doubt that Americans would help Chiang Kai-shek during the war, but they did not want that their help inspired Stalin to help Mao out. In the Chinese Civil War, it was evident that without considerable financial amounts, Chiang Kai-shek would not be able to win. For this reason, an accurate economic strategy had to be built, to see how much capital needed to be invested in China. Chiang Kai-shek was promised long-term military support. Since the surrender of Japan in September 1945 and until the early months of 1946, the US administration drafted a special budget for China. Initially, it was agreed that 500 million US\$ would be sent to China.¹⁹ But with all the initial US assistance, nationalist forces were not reaping a decisive victory over the communists. Very soon General Marshall realized that China would had been a black hole where all the American capital would be absorbed without any return. On the other hand, Mao Zedong and his Communists were characterized by a high discipline and gained every day the sympathy of the people. The corrupt government of the nationalists only increased the hatred of the people and despite all American propaganda still the nationalist troops would not succeed.²⁰ These facts on the ground sent by Marshall convinced the US administration that the political insecurities of the 3rd world and Eastern countries should not give to the world the impression that the US administration was supporting corrupted governments or deposing colonial governments.²¹ China was in full decadence now

¹⁸ Philip Short, *Mao; the man who made China*, London: I.B. Tauris, p. 402.

¹⁹ Daniel Kurtz-Phelan, *The China mission...*, p. 111.

²⁰ *Ibid*, p. 109.

²¹ Paul Kennedy, *Naissance et déclin des grandes puissances*, Paris: Éditions Payot et Rivages, 2004, p. 600.

and spending more money there would mean financial catastrophe. China had to be abandoned before it was too late. The American strategy was if the communists were to win (as it happened in 1949), they would never be trusted allies of the Soviet Union, and the clash between them would be inevitable, and then the Americans would intervene.²² In the second half of the 1940s, Chiang Kai-shek and Mao Zedong were fatally facing each another, at the disadvantage of the first²³

3. TRUMAN'S DOCTRINE PAVES THE WAY TO "MARSHALL PLAN" FOR EUROPE

General George Marshall left China on 8 January 1947²⁴, 13 months after the start of his mission. While his plane was approaching Okinawa (Japan) after a few hours of flight, the officer onboard approached the general and saluting him, said, "Congratulations, Mr. Secretary".²⁵ President Truman had just been appointed the victorious general to the most important post in the American administration after that of president. On 5 June 1947, five months after the deliberately failed mission in China, the Secretary of State George Marshall delivered a famous speech in one of Harvard University's auditorium; a speech that was called the beginning of the Marshall Plan for Europe.²⁶ The "exchange" of China for Western Europe would cost the America USD 13 billion in total.²⁷ But the action that paved the way to the Marshall Plan was undoubtedly President Harry Truman's speech before the US Congress on 12 March 1947, where he required USD 400 million

²² Henry Kissinger, *World Order; Reflection on the character of the nations and the course of history*, London: Allen Lane, 2014, pp. 221, 224. See also Henry Kissinger, *White House Years*, London: Phoenix Press, 2000, p. 171; Gjon Boriçi, *Marrëdhëniet shqiptaro-kineze në Luftën e Ftohtë 1956-1978*, Tiranë MIRGEERALB, 2016, p. 179.

²³ Henry Kissinger, *On China*, London: Allen Lane, 2011, p. 89.

²⁴ Daniel Kurtz-Phelan, *The China mission...*, p. 332.

²⁵ *Ibid*, p. 334.

²⁶ Benn Steil, *The Marshall Plan; Dawn of the Cold War*, New York: Simon & Schuster, 2018, p. 441. The complete speech of the Secretary of State Marshall held at Harvard is found in pages 441-444.

²⁷ Daniel Kurtz-Phelan, *The China mission...*, p. 335. Today's equivalent of this amount is USD 130 billion and USD 900 billion today measured as a percentage of GDP.

for Greece and Turkey not to fall into the Soviet orbit.²⁸ The amount requested and awarded to the two south-eastern countries of Europe was almost the same as the amount spent for China a few months earlier. Why this disparity?

Initially, the Soviet risk was very much present in Europe. Churchill's speech in Missouri, where for the first time he mentioned the "Iron Curtain" that separated Europe from the Baltic Sea to Trieste in the Adriatic Sea²⁹, persuaded the American administration that Europe's economic downfall would bring the US economic downturn as well.³⁰ The end of WWII did not brought the establishment of a new world, but the establishment of two different worlds. The Bretton-Woods system of the spring of 1944, from which the IMF (International Monetary Fund) was founded, allowed financial intervention in any area in crisis.³¹ In Bretton-Woods (area in New Hampshire), the western allies met in July 1944 to establish the new financial architecture for the after war world.³² What was established in Bretton-Woods that paved the way four years later to Marshall Plan³³ was:

1. Full freedom of cross-border capital movements;
2. A fixed exchange rate;
3. An independent monetary policy oriented towards domestic objectives.³⁴

In the second half of the 1940s, the geographic territory more in crisis resulted to be the European continent. The loss of Europe, its fall under the Soviet communist influence would be even more serious than its invasion by the Nazi hordes eight years earlier. There was another

²⁸ Benn Steil, *The Marshall Plan...*, p. 433, 438. President Truman's full speech is on pages 433-439. Greece was in civil war between monarchists and communists.

²⁹ Roy Jenkins, *Churchill*, London: Pan Books, 2002, p. 810.

³⁰ Benn Steil, *The Marshall Plan...*, p. 12.

³¹ *Ibid*, pp. 8-9.

³² Niall Ferguson, *The ascent of money...*, p. 306.

³³ The total amount disbursed under the Marshall Plan was equivalent to roughly 5.4% of US gross national product until the year of General George Marshall's seminal speech, or 1.1% spread over the whole period of the program, which dated from April 1948, when the Foreign Assistance Act was passed, to June 1952, when the last payment was made. If there had been a Marshall Plan between 2003 and 2007, it would have cost USD 550 billion. Ferguson, p. 307.

³⁴ Niall Ferguson, *The ascent of money...*, p. 307.

reason why Americans invested seriously in Europe; they shared the same culture and the same religious faith.³⁵ Central and Eastern Europe were lost, and if the loss of the West was allowed, it would be a disaster.

In a secret report by CIA (Central Intelligence Agency established in 1947), sent to President Truman on November 7 1947, was concluded that the Soviets had renounced the hope that the communist parties in the Western Europe could obtain the power through elections or other political action.³⁶ For this reason, according to CIA, the Soviets would start to put in action the plan B, revolutionary activities of pre-war style to overcome the Marshall Plan.³⁷ This revolutionary method was successful only in Czechoslovakia during the months February-May 1948, when through a coup they succeeded to put in power the communists of Klement Gottwald and in this way the Marshall Plan was refused.³⁸ According the latest data, for Czechoslovakia was planned to obtain USD 200 million (USD 2.3 billion today) from the Marshall Plan.³⁹

The country initially received more US financial aid was undoubtedly the UK with USD 3.75 billion.⁴⁰ The greatest scepticism the Americans had was regarding the possibility of helping Italy, as there the Communists had become part of the government through an agreement.⁴¹ But Italy was not a luxury that could be avoided, considering that it was a market of 45 million people. In the general parliamentary elections of 1948, the CIA intervention to buy the election was of extraordinary magnitude. A total of USD 200 million (USD 2 billion today) fund was spent for

³⁵ Benn Steil, *The Marshall plan...*, p. 200. *Speaking on behalf of the World Assembly of the World Church Council, rev. Dr. Stewart Herman (Stewart Herman Jr.) stated that the Marshall Plan had the best interest of any Christian more than any government or group of governments for more than one generation. While the Archbishop of New York's diocese Gilbert (Charles Gilbert) called the Marshall Plan a plan that would bring new life and hope to the vast multitudes of God's desperate children. It should have the support of Christians everywhere.*

³⁶ *Ibid*, op. cit., p. 186.

³⁷ *Ibid*, op. cit.

³⁸ Ian Kershaw, *To hell and back; Europe 1914-1949*, London: Allen Lane, 2015, p. 505.

³⁹ Benn Steil, *The Marshall Plan...*, p. 138.

⁴⁰ *Ibid*, p. 190.

⁴¹ *Ibid*, p. 191.

the manipulation of the elections in Italy.⁴² Extremely revealing is the conversation between the Italian Prime Minister De Gasperi and the Italian Communist leader Togliatti, prior to the elections, where he reports his conversation with the US ambassador in Rome, James Dunn, where he had asked for a "clean government".⁴³ De Gasperi told Togliatti: "It is a matter of bread."⁴⁴ Americans sought a government without any communist in it, in Italy, France (which were the most problematic countries where the Communists constituted a great force) and in other parts of Europe. The Cold War was not any longer a struggle against Germany, but a struggle for Germany and Western Europe, but with a different style. For this reason, the Federal Germany, when established on 23 May 1949, would receive a significant financial amount of USD 1.389 billion.⁴⁵ After the outbreak of the war in Korea and the increasing efficiency of the German industry, the figure reached USD 3 billion.⁴⁶ The Marshall Plan was officially signed on 3 April 1948.⁴⁷

4. WHO LOST CHINA?

The effort of General Marshall in China to not allow the communists to win was resembled to the mythological Greek character of Sisyphus⁴⁸ who was condemned in Hades to climb a heavy rock at the top of a hill, whom freewheeled down when he reached the top. For the Americans, the 1949 was a shocking year. The communist of Mao Zedong won the civil war in China. The Soviet Union successfully tested the nuclear bomb on August 29.⁴⁹ In the United States of America has begun a witch hunt against the communists. The Cold War was sit cross-legged. The president Truman's administration hurried to declare the proper version how China was "lost". According to them, the administration and the president did the utmost to help the nationalists, but this was

⁴² Tim Weiner, *Legacy of the ashes; the history of the CIA*, New York: Random House, 2007, p. 27.

⁴³ Benn Steil, *The Marshall Plan...*, p. 568.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.*, p. 359.

⁴⁶ W.R. Smyser, *From Yalta to Berlin...*, p. 109.

⁴⁷ Benn Steil, *The Marshall Plan...*, p. 246.

⁴⁸ Daniel Kurtz-Phelan, *The China mission...*, p. 224.

⁴⁹ Ian Kershaw, *To hell and back...*, London: Allen Lane, 2015, p. 518.

proved impossible for their fault.⁵⁰ The most accurate to analyse the lost of China was the deputy secretary of State, Dean Acheson, when states: "Nothing that this country did or could have done within the reasonable limits of its capabilities could have changed that result".⁵¹

The question "who lost China has introduced strong debates in the American policies in the beginnings of the Cold War. The ultra rightists accused the soft policy of president Truman and the lack of necessary support of the general Marshall's mission.⁵² The domino effect of the whole of Southeast Asia fall at the hands of the communists, started with China. The sum of USD 500 million was totally insufficient to stop Mao Zedong's communists. This was not unknown to the American administration, but was decided to not indefinitely support the government of a single party which used repressive and corrupt actions as the Kuomintang did.^{53, 54} A year and a half later, exultant from the victory of the communists in China, Stalin allowed on 25 June 1950 the communist forces of his ally Kim Il Sung of North Korea to attack the southern part of the country.⁵⁵ Fifteen years later, on 1965, the president Lyndon Johnson sent within four years 543 thousands American soldiers to fight defending the south Vietnam.⁵⁶ The Bolshevik revolution who started as a mean to replace the capitalist system had a global effect. The experiences of China, Cuba and Vietnam are similar according to the American failures in these countries.⁵⁷

Some scholars has called the American policy in China as "loss" or "missed chance".⁵⁸ Also, in their opinion would have been impossible for the United States of America to prevent a communist victory in China

⁵⁰ Daniel Kurtz-Phelan, *The China mission...*, p. 348.

⁵¹ *Ibid.*

⁵² *Ibid.*, p. 357.

⁵³ *Kuomintang or Guomindang; The National People's Party of China established and founded by Sun Yat-sen (the first president of China) on 1912 and chaired by Chiang Kai-shek from 1925. Stayed in power from 1928 until 1949.*

⁵⁴ *Ibid.*, p. 298.

⁵⁵ W.R. Smyser, *From Yalta to Berlin...*, p. 106.

⁵⁶ Henry Kissinger, *Ending the Vietnam war; a history of America's involvement in and extrication from the Vietnam war*, New York: Simon & Schuster, 2003, p. 38.

⁵⁷ Daron Acemoglu & James Robinson, *Why nations fail; the origins of power, prosperity and poverty*, London: Profile Books, 2013, p. 458.

⁵⁸ Odd Arne Westad, ed., "Brother in arms: the rise and fall of the Sino-Soviet alliance 1845-1963", Washington: Woodrow Wilson Centre Press/Stanford University Press, 1998, p. 17, 20.

by military means, covert operations or diplomatic initiatives.⁵⁹ More restraint presents itself general Marshall when he came to terms to what could not be controlled was the hardest part of the strategy".⁶⁰ What we can say that his mission in China left a mark in the American model of leadership the general meant to establish.

5. CONCLUSIONS; HOW MUCH DID THE MARSHALL PLAN COST?

Between 1948 and 1952, the United States transferred USD 13.2 billion (USD 130 billion today) to 16 countries who benefited from the Marshall Plan.⁶¹ The countries who profited the most were Great Britain with USD 3.2 billion (USD 32 billion today), France USD 2.7 billion (USD 27 billion today), Italy USD 1.5 billion (today USD 15 billion) and West Germany USD 1.4 billion (today USD 14 billion).⁶²

If we are to make a comparison between Western Europe and China and why the latter was abandoned, we need to understand that in that moment, China could not serve to support the "open door" policy, since European countries, which once had their colonies in China could be colonized politically, ideologically and financially by the Soviet Union. The US financial priority consisted of three pillars:

1. Economic stability;
2. Political stability;
3. Military stability.⁶³

China did not offer none of these three pillars. Western Europe had a capitalist "spirit" (the home of the industrial revolution) and trade experience. China did not have that. China could be called a semi-feudal backward country with a high degree of political corruption,

⁵⁹ *Ibid.*

⁶⁰ Daniel Kurtz-Phelan, *The China mission...*, p. 362.

⁶¹ *Ibid.* p. 342. *The Western European countries that benefited from the Marshall Plan were: Austria, Belgium, Luxembourg, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, Turkey, United Kingdom.*

⁶² *Ibid.*

⁶³ *Ibid.* p. 92.

which did not provide security for the US investment. The Marshall Plan had positive results since some simple calculations were made. Was it worth to allow for France, Austria and Italy to become Communists instead of China? Was Chinese trade equal to those of these three European countries? Where the money could be better spent? The Marshall Plan worked because the United States harmonized their actions and their interests with the capabilities in Europe, recognizing the reality of the Soviet sphere of influence that could not be penetrated without sacrificing the credibility and public support.⁶⁴

The account of the race for supremacy in the third world countries between the USA and the Soviet Union at the end of the Cold War was: The United States of America and the Soviet Union spent approximately 80 cent for each dollar that were giving to keep under control the countries of the second and third world from 1946 until 1992.⁶⁵ Only for the Middle East, USA in this framework of time spent USD 106.5 billion, for Asia over USD 100 billion, for sub-Saharan Africa USD 20.2 billion and for the Latin America USD 32.6 billion.⁶⁶ Meantime, the Soviet Union spent for the Middle East USD 2 billion, USD 729 million for Africa, USD 115 million for Latin America and USD 2.1 billion for Asia.⁶⁷ These data teach us that major political acts at times of war require realism and not idealism. It is a lesson that must always be repeated so cannot be forgotten.

⁶⁴ *Ibid.*, op. cit. p. 404.

⁶⁵ Paul Thomas Chamberlin, *The Cold War's killing fields; rethinking the long peace*, New York: Harper Collins Publishers, 2018, pp. 1, 6.

⁶⁶ *Ibid.* The total amount that the US spent was 259.300.000.000 US\$.

⁶⁷ *Ibid.* The total amount that Soviet Union spent was 4.944.000.000 US\$.

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