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THE ALBANIAN GOVERNMENT’S EFFORTS TO SECURE A FINANCIAL ADVISOR TO ALBANIA FROM THE LEAGUE OF NATIONS (1921-1922)

Abstract: This paper presents the economic and financial situation in Albania during 1921–1922, the difficulties faced by the Albanian government overcoming issues related to this and the efforts made to fulfill the Albanian government’s request to the League of Nations for an appointment of an outside financial advisor. It will also present the circumstances around the possibility being raised once again for the League to appoint a British financial. It addresses the motivations behind the Albanian government turning to the League of Nations for support, and the reasons why it could not seek help in this matter from Italy or the Kingdom of the Serbs, Croats and Slovens (SCS). This paper also reflects on the potential candidates discussed at the League of Nations and considers the discussions that took place regarding the procedures, competencies and criteria for selecting candidates for this task. The position held by the British and Italian governments regarding Albania’s request for assistance and the arguments on which their political lines were based. The paper considers in detail the position held by the British Foreign Office regarding the candidates submitted for this position in Albania.

Keywords: Albania, financial advisor, Albanian government, League of Nations, Great Britain, Foreign Office, Treasure of Chambers, Interim Economic and Financial Committee.

1. The Economic and Financial Situation in Albania in the early 1920s

In the early 1920s, the Albanians began the process of rebuilding their state, which had been interrupted by the outbreak of World War I. In addition to political issues, the leaders of the Albanian state faced economic and financial difficulties. Economically, Albania at this time continued to be in a situation similar to that of the Balkan countries after their liberation from Ottoman rule. The socioeconomic organization of the country according to the western model was still in its infancy.¹

The Albanian government needed financial resources to maintain the government and the military, to build roads and bridges, to open schools and exploit the country’s natural

resources. However, at this time Albania did not have even the most basic economic and financial structure from which the foundations of a modern state could be built.\(^2\)

In 1921, one of the main issues connected to finances and the economy was the state budget deficit. The Albanian state had created a debt amounting to more than five million gold francs.\(^3\) This debt grew in 1921 due to military operations the government was forced to undertake to suppress an uprising in the Mirdita region. This uprising disrupted Albania’s finances and added an additional one million gold francs in the state budget deficit, which brought Albania’s debt to about seven million gold francs.\(^4\) According to the exchange rate set in 1921 by Prime Minister Iljaz Vrioni’s government, one British pound was equivalent to twenty-five gold francs, one Turkish lira to twenty-two gold francs, and one US dollar to five gold francs.\(^5\)

The increase in the Albanian state’s deficit was also influenced by numerous abuses perpetrated by inexperienced officials managing the state’s finances.\(^6\)

A negative trade balance had also worsened Albania’s economic and financial situation. In 1921, the value of imports increased significantly in comparison to exports, and Albania exported about two million gold francs and imported about fifteen million. The trade deficit was accompanied by a reduction in domestic gold reserves. As a result, working capital was limited and the state budget revenues were reduced.\(^7\)

Another major hindrance to Albania’s economy and finances was the lack of a national currency. The presence of several types of foreign currencies in the country caused confusion for the economy, a loss of trade due to sudden exchange rate devaluations, and a loss of national wealth due to an outflow of gold reserves for exchanges in foreign trade.\(^8\) On June 25, 1921, the Albanian government issued a decision that the extraction of state revenues would be done on the basis of the gold franc.\(^9\) The Albanian government began to intervene in the regulation of exchange rates based on the gold franc established by the Latin Monetary Union.\(^10\) An act for issuing Albanian banknotes was not implemented because the Albanian government had tried to enter into agreements with foreign financial groups to secure a loan to establish an Albanian national bank.\(^11\)

The lack of a national bank in Albania was another major stumbling block for the country’s economic and financial development. The creation of a national bank that could

\(^{2}\) Swire 2005: 310.

\(^{3}\) The British National Archives, (hereinafter: TNA), Foreign Office (hereinafter: FO) 371/ 7332, Annual report on Albania during 1921 drafted by the British minister H. C. A. Eyres to the Marquess Curzon of Kedleston, Durrës, May 1, 1922.


\(^{6}\) Ibid. FO 371/ 7332, Annual report on Albania during 1921 drafted by the British minister H. C. A. Eyres to the Marquess Curzon of Kedleston, Durrës, May 1, 1922.

\(^{7}\) Vllamasi 2000: 288–289.

\(^{8}\) Ibid. 290–291.


\(^{10}\) Monetary policy in Albania: from the past to the present, 2012: 51.

\(^{11}\) Selenica 1928: XLIII–XLIV.
issue a national currency had become a necessity because foreign capital had begun to penetrate the local economy, mainly in the agricultural, forestry, mining and transport network sectors. The main positive factor in this regard was that during the First World War, the quantity of gold and silver collected by Albanians estimated to be approximately one hundred million gold francs, which could serve as a guarantee for the issue of Albanian banknotes.

The Albanian government entered into negotiations with foreign joint-stock companies such as the Banque du Brabant in Brussels, Société Nationale de Banque de Change and the French Raymon et Cie-Paris. The conditions they offered were not suitable for establishing a national bank. Kol Thaçi, the finance minister, consulted two impartial experts regarding the Banque du Brabant but they were reluctant to give a positive opinion based on the argument that they had no information about the true state of the Albanian economy.

2. The Albanian government requests assistance of Great Britain in appointing a British financial advisor

In the early 1920s, Albania did not have the necessary opportunities or capacities to build an effective financial management system. For this reason, the newspaper Koha, published in the city of Korçà, Albania wrote that the Albanian government should not hesitate to employ foreign organizers or advisors. The newspaper proposed that the government initially turn to the United States for support; but if the US declined to offer assistance, then this request should be addressed to Great Britain. If the British government did not accept this request, then Albania would have to seek advisors from the League of Nations.

In 1921 the Albanian government came to the conclusion that due to a lack of specialists in these fields, foreign experts would have to be employed in order to overcome the country’s considerable infrastructure, economic, and financial problems. In February 1922, the Albanian government decided to bring in and nominate foreign organizers for each ministry. It was thought that these should primarily be Austrians, but British or American advisors should be found for the Ministry of Finance.

In mid-January 1922, the Albanian government issued an official request to the British legation in Durrës requesting the appointment of a financial advisor from Great Britain. The Albanian government’s desire to entrust the task of organizing Albanian state finances to a British expert was due to the fact that Great Britain had no direct interests in Albania. It was also a result of friendly relations established at the beginning of 1920’s

Dielli, no. 2575 – (118), Boston Mass., 18 prill 1923, 3.
A city in southeastern Albania, from which a large number of Albanian emigrated to the United States.
“A mundet te qeverisemi vete?” [Can we govern ourselves?], Koha, no.15, Korçë, 16 tetor 1920, 1.
Swire 2005: 311.
“Shenja gë zimi” [Signs of joy], Koha, no. 71, Korçë, 25 shkurt 1922, 2.
TNA, FO 371/ 7328, Diplomatic note of the “ad interim” Albanian Minister of Foreign Affairs, Spiro G. Koleka to the British diplomatic mission in Durrës, Tirana, January 12, 1922.
between a group of influential British citizens in London’s political circles\textsuperscript{21} and the Albanian political leaders who had come to power. Thanks to the support of the Albanian cause from the representatives of the British dominions such as Lord Robert Cecil of South Africa, Canada’s Newton W. Rowell and Ali Imam of India, Albania was admitted to the League of Nations in December 1920.\textsuperscript{22}

The British foreign secretary, Lord Curzon, after a careful consideration of the appointment of a British financial advisor to Albania, concluded that this request could not be honored due to political reasons. In his estimation, the appointment of a British advisor would not only raise suspicions and dissatisfaction among the other powers, and Italy in particular, but this political move would also raise concerns in Albania’s neighboring countries. For this reason, he sought to discourage the proposal and to amicably inform the Albanian government that the British government’s position was that it should seek a financial advisor from elsewhere.\textsuperscript{23}

British diplomats in the Balkans remained concerned about Great Britain’s economic absence in Albania. They felt Britain’s place could be taken over by France, Italy, or another country. The British minister in Belgrade, Alban Young, informed London that he had information regarding the possibility of setting up a Serbian-Albanian bank with ten million dinars in capital, which was being instituted in Cetinje by a Montenegrin citizen named Zuber, with the British Trading Corporation as its agent in Belgrade.\textsuperscript{24}

The British minister in Albania, Harry C. A. Eyres, reported to the Foreign Office that during his second visit to Albania, the well-known French politician Justin Godart\textsuperscript{25} to Albania had arrived unaccompanied by engineers or any other experts. This was a great disappointment for the Albanians, who had high hopes for financial and trade assistance.\textsuperscript{26}

Despite a strong desire among British diplomats in the region for a greater British presence in Albania, Miles W. Lampson, an official at the Foreign Office, insisted that the British government avoid engagements or entanglements in Albania, as the British government clearly felt it was in their political interest to avoid friction between Great Britain and Italy over Albania.\textsuperscript{27}

\textsuperscript{21} This British group included General George Fraser Phillips, Colonel Aubrey Herbert, British Consul and Intelligence Services Officer William Morton Eden, Major Harold Temperley, and Miss Edith Durham.

\textsuperscript{22} “Sì u pranua Shqipëria në Ligen e Kombeve” [How Albania was admitted to the League of Nations], Drita, no. 39, Gjirokastër, 17 mars 1921, 3; “Në Kuvendin e Ligës së Kombëve” [In the League of Nations’ Assembly], Drita, no. 41, Gjirokastër, 3 prill 1921, 2–3; Villamasi 2000: 177; Puto 2010: 319.

\textsuperscript{23} TNA, FO 371/7328, Letter of Lord Curzon to George Young M.V.O., F. O., April 5, 1922; Ibid., FO 371/7328, Letter of Lord Curzon to Lieutenant Commander E. Hilton Young, D.S.C, M.P., F. O. April 7, 1922.

\textsuperscript{24} Ibid., FO 371/7331, Sir Alban Young to Earl of Balfour, Beograd, June 15, 1922.

\textsuperscript{25} In 1904, Justin Godart was elected the sixth deputy mayor of Lyon as a member of the Radical Party. In 1906, he became a Deputy of the French National Assembly, representing Lyon. From 1915 to 1918, Godart served as the Undersecretary of State for War in charge of the armed forces medical service. When Edouard Herriot became Prime Minister of France in 1924, Godart was appointed Minister for Labor, Hygiene, Welfare Work, and Social Security Provisions. Godart’s time in this position came to an end with Herriot’s ouster the next year. In 1926, he became a Senator, representing the department of Rhone. In 1932, Godart became for a short time Minister of Public Health, again under Herriot.

\textsuperscript{26} TNA, FO 371/7331, H. C. A. Eyres to the Marquess Curzon of Kedleston, Durrës, June 15, 1922.

\textsuperscript{27} Ibid., FO 371/7332, Thoughts of Miles W. Lampson reflected in the Foreign Office minutes, F. O., April 27, 1922.
3. Why Albania did not ask Italy or the Kingdom of SCS to provide a financial advisor

Albanian-Italian relations had remained tense ever since the 1920 Vlora War, when Albanian insurgents forced Italian troops to withdraw from Albania. After an armistice agreement was signed on August 2, 1920 by representatives of the Albanian and Italian governments, the Italian state changed its tactics regarding Albania. What Italy had failed to win in Albania through war, it now aimed to achieve through political and economic pressure. Between 1920 and 1922, there were a number of incidents between two countries. These incidents were transitory and not significant enough to spark armed conflict, but the clashes were essentially about Italy’s political aim to dominate Albania.

Albania could not even turn to the Kingdom of SCS for help. The expulsion of Italy from Albania and the Balkan Peninsula would have been in the interests of Albania and the Kingdom of SCS. In the spring of 1920, the Albanian government sent MP Sejfi Vllamasi on a secret mission to Belgrade with the aim of improving bilateral relations. Although the Albanians had hoped for an improvement in relations between the two countries, this did not happen.

In addition to the issue of Kosovo and the rights of the Albanian population living in the Kingdom of SCS, another factor preventing the normalization of Albanian-Yugoslav relations was the Yugoslav army’s occupation of a part of northern Albania up to the Drin River, named the Franchet D’Esperay Strategic Line. This area which encompassed one-sixth of Albanian territory in 1913 and nearly 126,000 Albanians. The Yugoslavs claimed the Strategic Line was an area in need of protection from attacks by Albanian insurgents, while in fact the occupation was a political maneuver.

Despite efforts by Albanian leaders to establish a rapprochement with the Kingdom of SCS, during the years 1920–1921, the Yugoslav government tried to gradually extend out from the eastern Albanian border provinces into the Mirdita region, which would serve as a strategic base. The final objective was to reach the Albanian coast and eventually annex all of northern Albania. The Yugoslav government tried to achieve this political goal by way of the head of the Mirdita province, Marka Gjoni, who was known to be friendly to the Serbs.

At the end of October 1921, the Yugoslav troops undertook a military operation inside the Albanian territory to support the Albanian mercenary forces occupying Lura, Orosh and Shëngjin (San Giovanni di Medua). They made it to about sixty kilometers away from the

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32 Bakić 2016: 302.
Albanian capital of Tirana, and Albania was in serious danger of losing northern territory.\(^{34}\) However, due to the forceful intervention in Belgrade by the Great Powers, in December 1921, the Yugoslav government was forced to withdraw its troops from inside Albania.

The aggravation of Albanian-Yugoslav relations and the fierce rivalry between Italy and the Kingdom of SCS due to Italy’s aspirations in Albania, prevented the Albanian government from seeking assistance in finding a capable financial advisor from either of these neighboring states.

4. The Albanian government’s request to the League of Nations to appoint a financial advisor

In 1920, the British government promised Albania that it would assist it with admission to the League of Nations if the Anglo-Persian Oil Company was given the rights to search for oil in Albania according to certain conditions. The Albanian government headed by Iljaz Vrioni, accepted these conditions.\(^ {35}\)

On December 17, 1920, Albania was admitted to the League of Nations, which made it possible for it to strengthen its position in international relations.\(^ {36}\) Albanians considered this a step further in consolidating Albania’s sovereignty and territorial integrity of Albania and a necessary source of economic aid for the weak Albanian state.\(^ {37}\) Albania’s admission to this international organization paved the way for it to receive good counsel and any kind of assistance that came as a benefit from its status as a member.

When the Albanian government realized that the British government had no intention of appointing a British financial advisor, it decided to change tactics. Apparently, at the suggestion of the Committee of Inquiry sent to Albania by the Council of the League of Nations, the Albanian government asked the League to expand its economic support for Albania. The Albanian government requested the appointment of experts by the League of Nations to assist with Albania’s economic and financial affairs. These experts were to conduct field studies and make appropriate proposals regarding steps the Albanian government must take to attract foreign capital, which would help in the exploitation of the country’s natural resources.\(^ {38}\) *Times* of London also reported that the Albanian government had asked the League to send experts to Albania to advise on the country’s economic development.\(^ {39}\)

During the proceedings of the Economic Conference in Genoa, Italy, representatives of the Albanian delegation, Mehdi Frashëri and Dr. Benoit Blinishti, met with Ralph Follett Wigram of the Foreign Office, a member of the British delegation who had accompanied

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\(^ {34}\) Ibid., FO 371/ 5733, Colonel Liet. James M. Blair, Assistant Military Attaché to the British Legation in Belgrade, November 2, 1921.

\(^ {35}\) Smirnova 2004: 108.

\(^ {36}\) Schevill 2002: 416.

\(^ {37}\) Austin 2003: 49.

\(^ {38}\) TNA, FO 371/7328, Note of the League of Nations’ Secretary-General, Geneva, March 31, 1922. This document is attached to the telegram of Xhafer Ypi, the Albanian Prime Minister and “ad interim” Foreign Affairs Minister to the League of Nations’ Council members, Vlora, March 25, 1922.

\(^ {39}\) Ibid., FO 371/ 7328, Announcement published in *Times*, London: April 11, 1922.
the British Prime minister to the conference. They told him the Albanian government was intended in a foreign financial organizer to oversee securing a loan in international financial circles on behalf of the Albanian state. The British representative assured the Albanian delegation that this issue had already been presented to the League of Nations. The memorandum of Frashëri presented to Wigram, which was sent later to Harold G. Nicolson, the chief expert of the British foreign undersecretary, stated that in order to enact financial reforms, the Albanian government was requesting the League of Nations provide a number of experts to advise on the country’s financial and administrative issues.

In April 1922, the Albanian government submitted two requests to the Council: The first was to extend the mandate of the Council’s Committee of Inquiry in Albania; the second was for the League to assist the Albanian government by sending financial experts. Regarding the second request, the Foreign Office believed the British government would have no objection to the proposal as long as the experts’ salaries and expenses were paid for by the Albanian government rather than by the League.

The requests submitted by the Albanian government and a review of the Committee of Inquiry’s report on the work it had done so far would be on the agenda at the League’s next meeting. The British representative Sir Arthur Balfour served as the rapporteur for Albanian affairs in the Council. The British foreign secretary, Lord Curzon thought that Balfour should wholeheartedly support the recommendations from the Committee during the meeting of the Council.

The Secretary-General of the League of Nations, Eric Drummond, requested that Marcus L. Wallenberg, Sr. from Sweden, Chairman of the League’s Interim Economic and Financial Committee (IEFC) prepare a report for the Council regarding Albania’s request for the League to appoint a financial advisor.

Wallenberg replied to Drummond that he would not be able to send this report because the IEFC would not meet before the next meeting of the Council, which was expected to be held on May 10 or 12, 1922. He said that Professor Jakob J. Sederhom from Finland could send updated information gleaned from field observation about Albania’s economic and financial situation before the Committee’s next meeting. The members of the IEFC would prepare a preliminary report on the situation in Albania based in this information. Wallenberg suggested that, at its next meeting, the Council should authorize the Committee to immediately send one or two experts to Albania to prepare a report on the problems presented by the Albanian government.

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40 Ibid., FO 371/7328, Memorandum of Ralf F. Wigram regarding the ‘Visit of the Albanian delegation’, Genoa, April 17, 1922.
41 Ibid., FO 371/7329, Memorandum of Mehdi Frashëri, head of the Albanian delegation, Nervi-Genoa, April 20, 1922. This document is attached to Ralf F. Wigram’s letter to Nicholson, Genoa, April 27, 1922.
42 Ibid., FO 371/7328, Harold Nicolson, to the British Mission at the League of Nations, F. O., April 19, 1922.
43 Ibid., FO 371/7329, The British foreign undersecretary to the British Cabinet Office, F.O., May 1, 1922.
44 Ibid., FO 371/7329, Letter of Eric Drummond, Secretary-General of the League of Nations to the Interim Economic and Finance Committee’s Chairman, Geneva, April 21, 1922; Ibid., FO 371/7329, Correspondence between the Secretary-General and the Interim Economic and Financial Committee’s Chairman of the League of Nations attached to the League of Nations Secretary-General’s note, Geneva, May 10, 1922.
45 Ibid., FO 371/7329, The letter of the League of Nations’ Economic and Financial Committee’s Chairman, Wallenberg to the League of Nations’ Secretary-General, May 6, 1922.
During conversations with Professor Sederholm regarding a path for economic development in Albania, members of the Albanian government demanded the League of Nations expand its valuable support for Albania, not only just to exploit its natural resources but to create a more effective administration in Albania. They hoped the League would make available to them the necessary technical bodies to advise the Albanian government. They expected the League to appoint impartial experts who would conduct fieldwork and then report back on the country’s economic and financial situation, advise the Albanian government on what reforms were necessary, ensure the absorption of foreign capital and identify appropriate means for developing the agricultural and industrial sectors.

The Committee of Inquiry indicated that League of Nations could be of great help, if it selected experts for all branches of the administration who could act as advisors to the Albanian government regarding the implementation of necessary reforms. These advisors were necessary to create modern legal, taxation, and financial administrative systems and other bodies. The Albanian government stated that it would bear the financial cost if such a program were to be implemented. It also suggested that if the Council accepted its request for technical assistance, it would send a special representative to Geneva, who would need to decide, in consultation with the League of Nations Secretariat on the details for implementing this program.46

During the meeting of the League of Nations, on May 12, 1922, Lord Balfour, the rapporteur for Albania, presented the issue of Albania to the members of the Council, during a short speech, and expressed his appreciation for the League’s commitment to the Albanian cause. At the end of his speech, he proposed the adoption of a resolution on Albania. According to the draft resolution, the Council would keep a member and a secretary of the Committee of Inquiry in Albania. The Council adopted the resolution, which had been based on the Albanian government’s request, and it was presented before the Council by the Albanian representative Mehdi Frashëri.47

According to the resolution, the Council accepted with gratitude, Professor Sederholm’s offer, to return to Albania as a member of the Committee of Inquiry, and to remain there until the financial advisor arrived.48 The Council decided to communicate to the IEFC the Albanian government request to send experts to Albania, to prepare a report on necessary measures to be taken, and to encourage the investment of foreign capital in Albania. The Council also decided that the Committee should review Albania’s application for a financial advisor at its next session. The Council authorized the Secretary-General and its technical bodies to enter into negotiations with representatives of the Albanian government to find an appropriate method for appointing the advisers.49

During the meeting of the Council, the Albanian government insisted on the appointment of a British financial advisor; however, the Italian government opposed this.50 The representative of the British delegation, Charles H. Tufton, informed the Foreign Office

50 Dielli, no. 2434, Boston Mass., 13 maj 1922, 1.
that an “incident” had taken place shortly before the start of the meeting: The Italian representative had approached Tufton and told him that the Italian government would not accept the League’s technical bodies making decisions about appointing advisors to Albania. The Italian government would not recognize any decision unless it received assurances that one of the advisors would be an Italian national.51

The Council decided to discuss the content of the draft resolution in a closed meeting held after the public meeting. During this meeting, two important conclusions were reached: First, IEFC would be entrusted with drafting the third paragraph of the resolution, which would propose to the Council a list of candidates for the advisor to the Albanian government, and the names of the candidates presented in this list would be discussed during its next session; and second, the Council reserved the right to review and select technical advisors over the course of further sessions.52

During the meeting, the Italian representative said he would not object to an advisor who was not Italian only if there was only advisor appointed. However, he made it that if a larger number of foreign advisors were appointed, the Italian government would insisted that at least one of them be an Italian citizen. The Italian representative’s position on this matter demonstrated that Italy still viewed Albania as a country under its protection.53

Due to these circumstances, the British delegation announced that the British government would seek the appointment of an Italian would cause a stalemate by drawing opposition from the Albanian government.54 The Foreign Office also officially made it known to the Italian ambassador in London that the British government did not intend to appoint a British citizen either.55

Professor Sederholm informed the Secretary-General that he and the Committee secretary, Horace de Pourtales from Switzerland intended to continue their work in Albania starting in the mid-April 1921. Professor Sederholm assured him that he would return to Geneva in time for the next meeting of the Council.56 In accordance with the resolution, Professor Sederholm returned to Albania in June 1922 with H. de Pourtales.57

5. Revisiting the possibility of appointing a British financial advisor

The question of appointing a British financial advisor resurfaced in the spring of 1922. At the beginning of April that year, George Young was presented to League as a candidate for the position of financial advisor. He had previously worked in the British

51 TNA, FO 371/7329, Charles H. Tufton, the representative of the British delegation to Miles W. Lampson at the Central European Department - Foreign Office, Geneva, May 13, 1922.
52 Ibid.
53 Ibid.
56 Ibid., FO 371/7329, General Report of the League of Nations Council’s Committee of Inquiry for Albania distributed through a note of the League of Nations’ Secretary-General including the letter of J. J. Sederholm on behalf of the Committee to the League of Nations Secretary-General, Geneva, April 12, 1922.
Treasury dealing with British loans in Austria. On April 5, 1922, a member of the British delegation to the League of Nations, E. H. Abraham, privately informed Harold Nicolson at the Foreign Office of Young’s candidacy. This announcement initially created confusion in the Foreign Office because he had been rejected at an earlier point in time. On April 12, 1922, the Foreign Office replied to Abraham saying it had no intention of appointing a British citizen as Albania’s financial advisor.\(^{58}\)

On May 24, 1922, Sir Basil Blackett of the Treasury, formally notified the British foreign undersecretary, Sir Eyre Crowe about a letter from the League of Nations asking Blackett to serve as a member of the IEFC to deal with selecting a British financial advisor for Albania.\(^{59}\) Blackett was aware of the refusal of the Foreign Office, which had sought to discourage the Albanian government’s request for a British financial advisor.\(^{60}\)

The Secretariat informed the British government in late May 1922 that the League intended to recommend George Young for the post of financial advisor. Miles W. Lampson thought that this recommendation coming from the League of Nations was something of a difference compared to the previous situation. However, he insisted that the new proposal would not change the reluctant position taken so far by the British government about appointing a British financial. Therefore, he concluded that the matter had been settled as early as April with Lord Curzon’s final answer.\(^{61}\)

The question of appointing a financial advisor to Albania was expected to be discussed at the beginning of June 1922, during a meeting of the IEFC. Blackett sought the Foreign Office’s opinion on questions: First, was this simply a matter of appointing a financial advisor, and the second, was an appointment of a British financial advisor.\(^{62}\)

Blackett intended to send Otto Ernst Niemeyer, controller of finance at the Treasury Chamber, as his representative to the meeting of the League’s Interim Economic and Financial Committee. Foreign Office officials informed him that if the option of simply choosing a financial advisor arose, it would be better if the appointee were American rather than British.\(^{63}\)

Sir E. Crowe replied to Blackett that, in regard to the first question, the matter had already been decided by the Council, so it was not expected to seek a British opinion. However, he stressed that the Foreign Office had no objections to this appointment. Regarding the second question, Lord Curzon had already stated in writing that His Majesty’s government was opposed to a British financial advisor in Albania. Therefore, it was asked of Blackett to adhere to this position.\(^{64}\)

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\(^{58}\) TNA, FO 371/7329, Letter of E. H. Abraham, the British delegation’s member at the League of Nations to Harold Nicolson at the Foreign Office, Geneva, May 26, 1922.

\(^{59}\) Ibid., FO 371/7329, Letter of Sir B. Blackett at the Treasury Chambers to Sir E. Crowe at the Foreign Office, May 24, 1922.

\(^{60}\) Ibid.

\(^{61}\) Ibid., FO 371/7329, Opinions presented by Miles W. Lampson on the Foreign Office minutes regarding the proposals submitted by Sir B. Blackett to Sir E. Crowe, May 31, 1922.

\(^{62}\) Ibid., FO 371/7329, Letter of Sir B. Blackett at the Treasury Chambers to Sir E. Crowe at the Foreign Office, May 24, 1922.

\(^{63}\) Ibid., FO 371/7329, Information of Wathlow executive at the Foreign Office regarding the telephone conversation with Sir B. Blackett, F. O., May 31, 1922.

\(^{64}\) Ibid., FO 371/7329, Letter of Sir Eyre A. Crowe to Sir B. Blackett at the Treasury Chambers, F. O., June 1, 1922.
E. H. Abraham, a member of the British delegation to the League of Nations, informed Harold Nicolson in the Foreign Office that the situation had evolved since the end of February 1922, when the British government had opposed the appointment of a British candidate. The Italian government seemed to agree with the principle that if there was only one financial advisor appointed for Albania, he could be of a nationality other than Italian. Abraham said there was reason to believe an English adviser would be acceptable to Italy.65

Abraham also tried to clarify for Nicolson a potential issue about George Young as a candidate. He pointed out that Young, who had worked in the British diplomatic service in Constantinople, was not the same George Young who was currently in Vienna.66 In Nicolson’s absence, another official, Alexander M. G. Cadogan, the head of the League of Nations section of the Foreign Office, replied to Abraham that he was aware that the George Young in Vienna was not the same person mentioned in the letter Nicolson had sent to Abraham, on April 5, 1922. He clarified that Young was currently in Vienna serving as the director of the new Anglo-Austrian Bank. Consequently, Cadogan thought that even if this George Young were offered the post, it would be completely impossible for him to accept it.67

The IEFC asked the British government to send names of potential financial experts from countries mainly neutral ones - with no direct interest in Albania by July 5, 1922. This expert would travel to Albania during the summer of 1922 to study the country’s general economic and financial situation. The financial advisor had to be someone reputable if he was to work on attracting foreign capital. The specialists of the IEFC thought the main issue for Albania was still the government’s handling of public finances and expenditures. The financial expert would also be faced with the issue of regulating the tax system, as the Albanian tax administration was still in its infancy. In their estimation, the Albanian government had not taken any significant measures to establish an efficient administration, collect taxes, or regulate the question of concessions.68

Abraham informed the Foreign Office that the Committee’s goal was for the expert to be sent to Albania before the end of July 1922. The League’s Concil had tasked Wallenberg, the chairman of the Committee, with choosing the expert, and a candidate was being sought from Switzerland, the Netherlands, and the Scandinavian countries, as well as from among American citizens currently in Europe.69

British diplomats expressed their conviction that the League could not find a region more suitable than the Balkans for which this organization could be more useful. Balkan affairs had always been complicated by the Great Powers’ presence and actions done according to their own interests, or their intentions to act according to these interests. The British hoped that if the League continued to act toward Albania in the same way it already

66 Ibid.
had, its influence would remain in Albania for a long time. This influence could help pacify
the country, which was in everyone’s best interests.\textsuperscript{70}

The head of the IEFC thought that no positive results for Albania would come from
simply studying the country’s natural resources or from the investment of foreign capital.
The Committee felt efforts should first be directed at improving Albania’s administration,
finances, and economy. It was under these circumstances that the Committee decided to send
an expert with general knowledge of fiscal, financial, and economic organization for a period
of about two months at the Albanian government’s expense. This expert would discuss the
most important issues with the Albanian government and then report to the IEFC regarding
the conditions and procedures needed to appoint a financial advisor and supervise his work.
The advisor had to liaise with the Council’s Committee of Inquiry, already located in Albania.\textsuperscript{71}

The head of the Economic and Financial Section at the Secretariat of the League of
Nations, F. H. Nixon, informed the British representative on the IEFC that the Albanian
government had requested that the advisor would remain in the country for a term of three
or four years. However, the IEFC had decided that an expert would stay for only six weeks
to two months, and the Committee would then review his report before a permanent
financial advisor was appointed. According to Nixon, during the advisor’s tenure, he would
be expected to perform several tasks related to financial and administrative operations: First,
he would deal with technical financial problems, since the Albanian government intended
for him to help attract foreign capital. Second, he would set up a national banking and
currency system, which did not yet exist. The country’s national administration was still in
its infancy, so the financial issues were not so difficult or complicated as was its internal
administration. The country’s political system was not yet centralized, so the financial
advisor’s third task would be to establish from the outset a tax system and a tax
administration, and to manage the oversight of all public expenditures.\textsuperscript{72}

The IEFC concluded that, for the time being, the third task was the most important.
That meant the financial advisor had to be an expert with experience in dealing with
countries that had encountered similar problems and difficulties. For this reason, the IEFC
was reluctant to present the criteria or procedure for the appointing the advisor, until it
received first-hand information from Albania. It was necessary to find someone intelligent,
and experienced, but who also had broad cultural knowledge and would be able to spend
several weeks in the country so as to form a general opinion about the situation on the
ground. To complete the study, the expert would receive a payment of eighty to one hundred
Swiss francs per diem, which would cover all travel and living expenses.

F. H. Nixon asked the British representative on the Committee, Otto E. Niemeyer,
to send him the name of a potential candidate from his country. This was very urgent, as he
needed to have a list of candidates for the IEFC to make its selection.\textsuperscript{73}

\textsuperscript{70} Ibid.
\textsuperscript{71} Ibid., FO 371/7329, Resolution of the Interim Economic and Financial Committee regarding the financial
advisor of Albania, June 1922.
\textsuperscript{72} Ibid., FO 371/7329, Letter of F. H. Nixon to Otto Ernst Niemeyer at the Treasury Chambers in London,
Geneva, June 16, 1922.
\textsuperscript{73} Ibid.
Because of this, Blackett sought from Sir Eyre Crowe the political course the Foreign Office would take regarding this request. If there were to be a change in the British position, he felt a former British civil servant who had served in India would be a better choice than a finance specialist. Blackett proposed the names of some who seemed most suitable for the task: Archibald Y. G. Campbell, who had served in the Indian Civil Service; F. H. Nixon, who was currently acting head of the Secretariat’s Economic and Financial Section was expected to be replaced soon by Sir Arthur Salter, member of the League of Nations’ Economic and Financial Section; and Sir Percy Thompson, who was on the Board of Inland Revenue.  

A British colonel, Aubrey Herbert, who was publicly known as a “friend of the Albanians” informed Lord Balfour, the head of the League’s British delegation, that the Albanians were looking for at least one capable and reputable British advisor. From the information available, it appeared that Colonel Charles Schaefer of Luxembourg was interested in taking on the position. According to Herbert, the Albanians were worried about Schaefer being appointed because they suspected that, coming from a very small country like Luxembourg, he could end up under the control of France or Germany, and they were concerned about these powerful countries possibly interfering in their internal affairs. Also, Herbert thought that Colonel Schaefer was not someone with the proper access and reputation for this task.

Facing the possibility of Colonel Schaefer being appointed, at the end of July 1922, the Albanian minister in London, Mehmet Konica, had a conversation with Lord Balfour, during which he again raised the possibility of a British financial advisor. The Albanian diplomat openly stated that the Albanians wanted Sir Henry P. Maybury, Director General of the Roads in the Transport Department, to be the advisor. However, the Foreign Office officials had no information about him.

The appearance of Schaefer’s name as a possible candidate set British diplomacy in motion. Charles Tufton from the British Cabinet Office briefed Miles W. Lampson on the conversation he had with the Secretary-General, Eric Drummond. Drummond was well informed about the Albanians’ desire to have an English adviser, and that he had discussed the matter with Herbert personally. Even Drummond felt Colonel Schaefer was not a good choice. However, he had informed Tufton that Professor Albert Calmes of Luxembourg had just applied for the post. He was known to be a highly reputable banker and was expected to travel to Albania the following week and remain there for two months.

Sederholm had been in Albania serving as the head of the Committee of Inquiry since June 1922. During his time in Albania, he concluded that the Albanian administration was generally was inefficient and in some cases corrupt. He thought the best way to complete the

74 Ibid., FO 371/7329, Letter of Sir B. Blackett at the Treasury Chambers to Sir Eyre Crowe at the Foreign Office, June 27, 1922.
75 Ibid., FO 371/7329, Letter of Colonel Aubrey Herbert to Lord Balfour, July 14, 1922.
76 Ibid., FO 371/7329, Notes written by Robert G. Vansittart during the interview of the Minister of Albania in London with Lord Balfour, F. O., July 26, 1922.
study was for him to leave no room for any possible future interpretations. He acknowledged the Albanian question had not been fully investigated and was not able to finalize his report.  

At the beginning of August 1922, the British legation in Durrës informed the Foreign Office of Calmes arrival in Albania. He was accompanied by Ansgar Rosenborg from Sweden, who worked in the League’s Secretariat, and his private secretary Luich from Luxembourg.  

No sooner had Sederholm arrived in Albania when he was forced to leave due to the deteriorating health. On September 20, 1922, the secretary of the Committee of Inquiry, Count Frederik Moltke, sent a telegram to the League requesting Sederholm’s immediate replacement.  

The Albanian government addressed Moltke with an official request for the League’s assistance in securing a loan on the international financial markets. The government was ready to provide any kind of guarantee that was within its capacity and agreed to oversight by the League. Moltke acknowledged that the economic and financial situation in Albania was becoming increasingly grim. He announced that a financial collapse would surely be accompanied by considerable political unrest, which would not only endanger the future of the Albanian state, but would also politically destabilize the Balkans in general. Given Albania’s financial state, Drummond was not sure how the League of Nations could help the country secure a loan. What could be done, however, was for the Council to request the IEFC to expedite its selection of a financial advisor to counsel the Albanian government on what steps could be taken to move beyond this difficult economic and financial situation.  

On September 27, 1922, Wallenberg, the chairman of the IEFC, informed the Secretary-General and the Council that he had received the first applications for the advisor to Albania. Wallenberg proposed that the Council authorize him to approve the candidate and to make the appropriate adjustments to the Albanian government regarding his terms of employment. The Council authorized Wallenberg accordingly, but on the condition that the IEFC demonstrate that this candidate was suitable.

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78 Ibid., FO 371/7329, Letter of the British consul, Robert Parr to the Earl of Balfour, Durrës, September 2, 1922.  
79 Ibid., FO 371/7329, Letter of the British consul, Robert Parr, on behalf of the British minister H. C. A. Eyres to the Earl of Balfour, Durrës, August 2, 1922.  
80 Ibid., FO 371/7329, Letter of the British consul Robert Parr to the Earl of Balfour, Durrës, September 2, 1922.  
81 Ibid., FO 371/7329, Letter of the British delegation at the League of Nations in Geneva, October 2, 1922. This document is attached to the letter of Lord Balfour, British foreign secretary to the Secretariat of the British Cabinet, Colonial Office, Treasury Chambers, Board of Commerce and Department of Overseas Trade received from Cabinet Secretariat, October 6, 1922.  
82 Ibid., FO 371/7329, Letter of the League of Nations’ Secretary-General and the extract of the telegram which the League of Nations’ Interim Economic and Financial Committee’s Chairman addressed to the Secretary-General and the League of Nations’ Council, Geneva, September 27, 1922. This document is attached to the letter of Lord Balfour, the British foreign secretary to the Secretariat of the British Cabinet, Colonial Office, Treasury Chambers, Board of Commerce and Department of Overseas Trade received from the Secretariat of the Cabinet, October 6, 1922.  
83 Ibid., FO 371/7329, Letter of the British delegation at the League of Nations, Geneva, October 2, 1922. This document is attached to the letter of Lord Balfour, the British foreign secretary to the Secretariat of the British Cabinet, Colonial Office, Treasury Chambers, Board of Commerce and Department of Overseas Trade received from the Secretariat Cabinet, October 6, 1922; Ibid., FO 371/7329, Summary of the “Financial Advisor to Albania,” drafted by the officials Troutberg, A. Cadogan, and W. Tyrrell at the Foreign Office, F. O., October 17, 1922.
Experts from the League’s technical bodies had recently dealt extensively with the criteria for selecting candidates. Given the situation in Albania, it was concluded that the advisor should focus on establishing a stable and effective administration, particularly to handle the state of public finances. The future advisor’s practical experience and personal qualities were of paramount importance. Wallenberg thought the most suitable people for this task would be British officials who had worked in the colonial service of the British Empire. Also, agreements had to be made with the Albanian government.84

The Albanian question was discussed at length during the interviews Wallenberg and Nixon conducted in Geneva with two candidates, Paul G. van Zeeland and Lincoln Hutchinson. At the end of the interview, Wallenberg declined to appoint Van Zeeland, even though he was very familiar with the banking system. His reasoning was that, in the case of Albania, it was not necessary to investigate the Albanian banking system because the scope of the financial advisor’s work required him to focus more on administrative matters and to negotiate and cooperate closely with the Albanian government. Van Zeeland had the advantage of having worked at the National Bank of Belgium, which could have facilitated the establishment of an Albanian national bank, but this was not taken into account. In this regard, Wallenberg thought that a serious banking group should not be involved in establishing a national bank in Albania simply because one of their representatives had been nominated for this position.

The other candidate, Hutchinson, had served on the London-based US War Industry Board for a short time during the First World War. During the interview, Hutchinson stated he had not intended to apply for the post. He had come to Geneva with limited information about his role in Albania. Nixon thought that Hutchinson seemed to want the request for his appointment to come from the British government. By the end of the interview, Hutchinson had left a good impression, but nevertheless he was not considered to be a suitable candidate. At this point, even though Wallenberg felt Hutchinson was the best choice, he continued to look for someone with experience in British colonial administration. However, this was expected to be opposed by the Council, which had initially stated that only candidates from other countries should be sought.

The question of a financial advisor for Albania was widely discussed at a meeting held at the Foreign Office on October 17, 1922.85 The memorandum prepared after this meeting by experts from the Foreign Office stated that His Majesty’s government had come to a decision in the end to discourage the appointment of a British advisor, because it had officially assured the Italian government in June 1922 that this was its position. Those in London diplomatic circles believed a British presence in Albania would inevitably create tensions between Great Britain and Italy.86

Despite the League’s extensive efforts, which have been detailed here, the League of Nations failed to appoint a financial advisor for Albania due to conflicts among the Great Powers. This was later rectified on April 17, 1923, when the Council finally appointed Jan

86 Ibid., FO 371/7329, Memorandum of Miles W. Lampson on the appointment of a financial advisor for Albania, F. O., January 16, 1923.
D. Hunger from the Netherlands as financial advisor. Hunger would then attempt to lay the foundations for Albania’s further financial and economic development.87

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НАСТОЈАЊА ВЛАДЕ АЛБАНИЈЕ ДА ОБЕЗБЕДИ ФИНАНСИЈСКОГ САВЕТНИКА ОД ЛИГЕ НАРОДА (1921–1922)

Резиме

Рад се бави економским и финансиским потешкоћама са којима се суочавала Влада Албаније у раним 1920-тим годинама. У пролеће 1922. Влада Албаније је затражила од Лиге народа да јој обезбеди спољашње експерте за финансије. Сврха овога била је да спољашњем саветнику за финансије повери задатак да у име албанске државе обезбеди зајам у међународним финансиским круговима.

Генерални секретар Лиге народа, Ерик Друмонд, задужио је Привремени економски и финансиски савет да проучи ситуацију у Албанији, установи критеријуме за избор кандидата, одреди обим саветниковог рада и процедуре за надгледање овог посла. Комитет је сматрао да економска и финансиска администрација Албаније мора бити приоритет саветника, а кандидати за овај положај су морали бити из неутралних држава, али је такође био заинтересован за експерта који је служио у Британској цивилној служби у Индији.

Неколико кандидата је било разматрано у Лиги народа и британском Министарству спољних послова, укључујући Џорџа Јанга, сер Персија Томсона, Г. А. Кембела, Ф. Х. Никсона, сер Хенрија Мабурија, пуковника Шефера, Алберта Калмса, Ван Зилана и Хачинсона. Упркос многим напорима, током 1922. Лига народа није успела да одобри финансиског саветника за Албанију.

Кључне речи: Албанија, финансиски саветник, Влада Албаније, Лига народа, Велика Британије, Форин офис, Британски трезор, Привремени економски и финансиски савет.