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TRANSITIONS IN THE MONETARY HISTORY OF ERITREA. COLONIAL
POLICIES, MILITARY LABOUR, AND THE MARIA THERESA THALER
(1885-1921)

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Abstract

This thesis focuses on the building of a colonial monetary system in Eritrea under the rule of Italian colonialism, as well as its impact on local societies and the reasons for the failure of Italian monetary policies. In answering the principal research questions, the “monetary angle” will allow an investigation into other aspects of Italian colonialism in Eritrea, such as the construction of a “colonial knowledge”, the introduction of military wage labour, and the establishment of new financial institutions. Framed against the background of the literature on African monetary history, the thesis is thematically organised into three chapters, each having its own periodisation. The first chapter deals with the construction of a “colonial knowledge” regarding the Eritrean monetary system, and the reasons behind the failure of the Italian attempts to introduce a colonial currency. The second chapter analyses the introduction of military wage labour and the strategies employed by the indigenous veterans to store their wealth. The third chapter discusses the role of banking in Eritrea in supporting Italian attempts to control the monetary system during the First World War currency crisis. At the same time, this chapter sheds light on the manner in which different local actors were affected by these policies, suffered their consequences, or took advantage of the situation. Finally, the third chapter also clarifies the positioning of Eritrea in the regional trade network and the important role of the Maria Theresa thaler in its multiple currency system. The central argument of the study is that the introduction of colonial currencies and the employment of monetary policies did not produce a swift change in local trade networks and economic practices. In fact, the changes were non-linear and were configured as a slow transition that entailed the introduction of different economic and financial devices.

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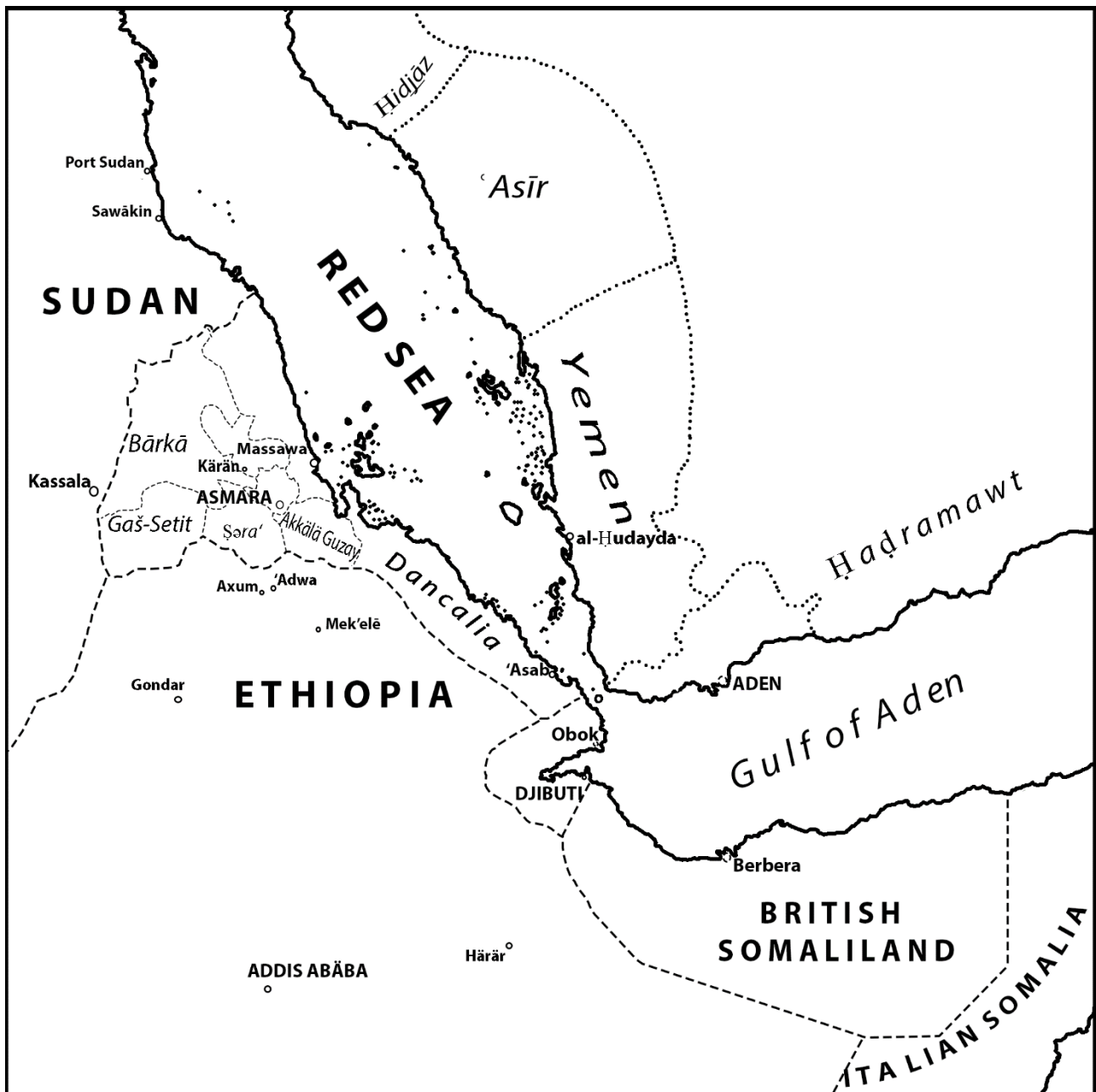


Figure 1. The Italian colony of Eritrea in the Red Sea region. Political and administrative borders are represented as they were at the end of the First World War.

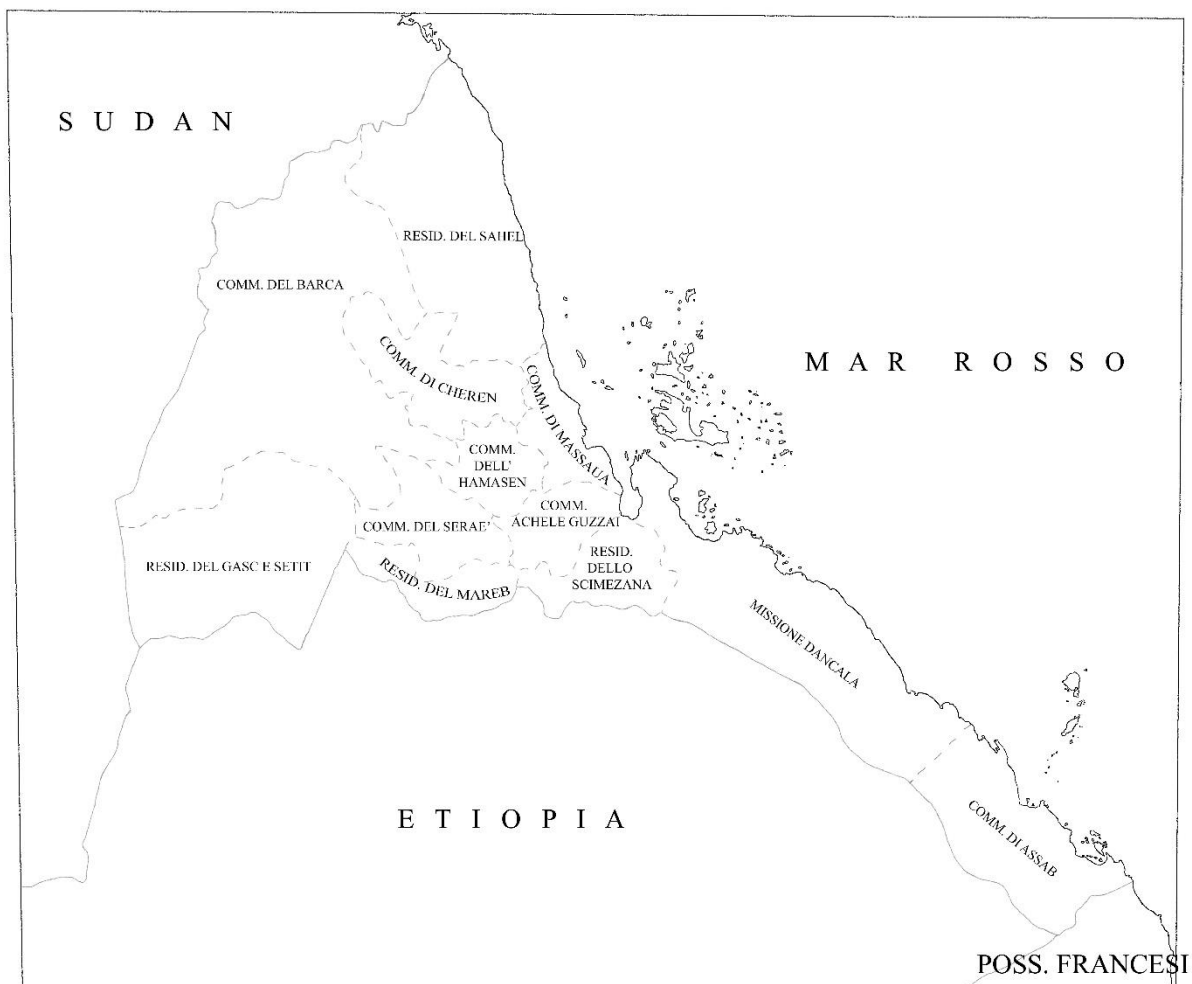


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Chronological table outlining the major events and currency changes in the Italian colony of Eritrea, with a reference to the most important monetary reforms in the other Italian African territories and in Ethiopia (1885-1941)

5 February 1885	Italians land in Massawa
19 February 1885	A Ministry of Treasury's decree officially recognises the circulation of the MTT and its use in official payments (1 MTT = 4.50 lire), in Massawa.
8 July 1886	The parallel circulation of the Italian lira and the Egyptian piastre is allowed (1 lira = 0.25 piastre), up to a maximum amount of 5 lire value. Copper 20 and 10 piastres coins can circulate too, up to a maximum amount of 0.25 lire. (Order of the day of General Carlo Gené, n.213, 8 July 1886, by Decree of the Ministry of Finance and Treasury, 13 May 1886).
12 May 1887	A decree of the Supreme Commander Tancredi Saletta bans the Egyptian Piastres (temporary ban of the MTT, readmitted on 4 September 1888).
1 October 1889	Art. 4 of the Additional Convention of the Treaty of Wichalē, signed in Naples, establishes a monetary agreement with Ethiopia.
1 January 1890	The constitution of the Italian colony of Eritrea is officially proclaimed by the King of Italy (Regio Decreto n.6592, third series, 1 January 1890).
10 August 1890	Issuing of the <i>tallero eritreo</i> (1 <i>tallero eritreo</i> = 5 lire) and its divisional silver coins (4/10=2 lire; 2/10= lire; 1/10=0.50 lire; Regio decreto no. 7049, 10 August 1890).
10 February 1893	Emperor Mənilək II announces the issuing of a new coin (Ethiopian <i>bərr</i> , or dollar), on the model of the MTT. The coin started circulating in 1894, with ½ dollar, ¼ and 1/8 dollar silver coins (later substituted by a 1/20-1/16 silver coin and a 1/100 copper coin).
1 March 1896	Italian defeat in 'Adwa.
26 October 1896	Italo-Ethiopian peace treaty signed. The Treaty of Wichalē is terminated.
11 february 1905	Official payments of fines and wages to be executed in lira or divisional coins of the <i>tallero eritreo</i> . (Buletto Ufficiale della Colonia Eritrea, 4 February 1905).
8 May 1905	25 bese coin introduced in the Italian colony of Benadir (1/6 MT), together with 1 cent Italian lire coin (1 cent=1 besa; Decreto Commissariale n.6, 8 May 1905).
6 October 1909	Italian bese (1,2,4 bronze bese coins. 100 bese=1MTT) introduced in Italian Somalia colony constituted on 5 April 1905. (Decreto governatoriale n.397, 6 September 1909).
1 July 1911	Italian rupee is issued in Somalia (1 rupee=100 bese=1 indian rupee=1.68 lire). Lower denominations silver coins are issued too (½ besa and ¼ besa; approved with Regio Decreto n. 847, 8 December 1910).
29 September 1911	Italy starts the invasion of Tripolitania and Cyrenaica.
23 May 1912	The Italian Government issues a law (n.546, 23 May 1912) to regulate the monetary system of Tripolitania and Cyrenaica.
2 February 1914	First branch of the Bank of Italy opens to the public in Asmara.
5 September 1914	Ban on the exports of MTT from Eritrea in order to stop the outflow of silver started with the outbreak of the WW1 (Decreto governatoriale n. 2049, 5 September 1915).
1 July 1916	Negotiations in the markets in MTT are banned in Eritrea. (Decreto governatoriale n. 2589, 1 July 1916).
24 October 1916	Payments in MTT are forbidden in Eritrea. Exchange rate of the MTT for the payments of fees fixed at 2.50 lire, for official payments and transportation services at 2.65 lire. Monopoly of the money changing activity to the Bank of Italy (<i>Gestione Talleri</i>). Establishing of a

	Commission for the fixing of the quotation of the MTT on the market. Payments in MTT only allowed in caravan and overseas trade, Regional authorisation needed for each transaction in MTT (Decreto governatoriale n. 2653, 24 October 1916).
31 May 1918	The <i>tallero d'Italia</i> is issued at par with the MTT. The same rules for the MTT apply to the <i>tallero d'Italia</i> starting from 25 August 1919.
5 October 1918	Negotiations and payments in MTT allowed again in Eritrean markets (Decreto governatoriale n. 3198, 5 October 1918).
19 September 1919	Fixed exchange rate of the Italian rupee with Italian lire suspended in Somalia (Decreto governatoriale n. 2329, 19 September 1919).
31 December 1921	The <i>Gestione Talleri</i> office is closed in Eritrea.
20 July 1922	The monetary system of the Kingdom of Italy (together with its regulations) is officially extended to Tripolitania and Cyrenaica (Regio Decreto n.1131, 20 July 1922).
18 June 1925	Italian monetary system extended to Somalia (Regio Decreto n. 1143, 18 June 1925).
1 May 1932	Emperor Haylä Şəllase issues 5, 10, 50, 100, 500 dollar notes in Ethiopia. In 1933 a 2 dollar note was added.
12 July 1933	Emperor Haylä Şəllase issues nickel coins of 50, 25 and 10 cents of a dollar and bronze 5 and 1 cent of a dollar in Ethiopia.
9 July 1935	Austria concedes Italy the right to issue MTT.
9 May 1936	The Italian East Africa (AOI) is constituted after the invasion of Ethiopia (Regio Decreto Legge n. 754, 9 May 1936).
2 July 1936	The Italian monetary system is extended to the colonies (Regio Decreto Legge, n.1371, 2 July 1936).
31 December 1936	Ethiopian thalers are demonetised in AOI. Exchange rate of MTT is fixed at 5 lire per MTT.
28 December 1936	The General Governor of AOI can regulate the monetary circulation by fixing the exchange rate of the MTT to the lira. (Regio Decreto Legge n.2373, 28 December 1936).
5 January 1938	A decree by the Ministry of Finance detaches the exchange rate of the lira and of the MTT, leaving the MTT free to float. A price for the selling of the MTT is fixed according to the international price of silver.
6 April 1941	The British take Addis Ababa. After the battle of Gondär in November 1941, the Italians are finally defeated. The Italian lira cease to be legal tender in East Africa on 7 April 1941. MTT, Egyptian pound and the East African Shelling became legal tender.

Table 1. Chronological table outlining the major events and currency changes in the Italian colonies and in Ethiopia.

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Any mistakes are exclusively my own.

Introduction

In February 1885, when the Italians landed in Massawa, they arrived in one of the most cosmopolitan and active ports on the Red Sea coast. The port town was a node of multiple trade networks connecting larger and smaller commercial centres. Cotton from Muscat and Bombay supplied the caravan trade towards the inland areas, and hides and skins, honey and wax, coffee and spices were shipped to the opposite shore of the Red Sea. Rice, sugar, and gunpowder were imported, while pearls and mother-of-pearl, fished in these very waters, were shipped to Trieste or Bombay - Indian merchants being the most important middlemen of this trade. Glass beads from Venice passed through Cairo and were employed as currency in Massawa and some inland locations. Together with beads, salt bars were an important means of exchange for the caravan trade.¹ Alongside these commodity currencies, in the ports along the coast could also be found Indian rupees, Egyptian piastres and Maria Theresa thalers (MTT).² The Italians were well aware of the importance of the Maria Teresa thaler in the area. Before the expedition, they accepted contracts from the *Crédit Lyonnais* – a French bank with agencies in Egypt and in the Red Sea – who acted as agents for the procurement of “any amount and kind of silver and golden coins” circulating in the Red Sea region.³ However, the Italians were less aware of the intricacies regarding the functioning of the Red Sea region’s multiple currency system. With the establishment of formal colonial control, they soon had to deal with it in the management of the budget. The budget had to be administrated by converting into lire the expenses in piastres and in Maria Theresa thalers. At the same time, the aim of the Italians was to promote trade by allowing the circulation of different currencies. This monetary situation was at the base of their first attempts to establish a colonial monetary system.

This thesis is the result of a research I undertook as part of the broader project titled “Monetary Transitions: The Introduction of Colonial Currencies in East Africa and their Impact on Indigenous

¹ Richard Pankhurst, *Economic History of Ethiopia, 1800-1935*, 1st edition (Addis Ababa: Haile Sellassie University Press, 1968), 357–91.

² *Ibid.*, 460–75.

³ Archivio Storico Diplomatico del Ministero degli Affari Esteri (ASDMAE), Archivio Storico del Ministero dell’Africa Italiana (ASMAI) III, busta 71, ‘Offerta del “Crédit Lyonnais” per somministrazione di fondi alle navi ed alle truppe regie nel Mar Rosso’. Alexandria, 30 January 1885.

Societies and Economies”, funded by the Gerda Henkel Foundation.⁴ That project’s general aim was to assess the impact of the introduction of colonial currencies in East Africa on local societies, an area where, as we will see, research on this matter has only recently developed. In the scope of this project, my research aimed at investigating the motivations that led the Italians to attempt the building of a new monetary system in Eritrea, as well as its impact on local societies and the reasons for the failure of Italian monetary policies. The analytical framework that guided the research was inspired by the idea that the transformations brought on by the introduction of colonial currencies in Africa did not produce a “monetary revolution”. Colonial monetary systems were not simply imposed on local exchange systems, swiftly disrupting economic patterns, accumulation strategies, and the cultural aspects related to economic production and exchange. These transformations are better described as “transitions”, a definition that was first systematised by the archaeologist Natalie Swanepoel with regard to the currency substitutions occurring in the Northern Territories of the Gold Coast (modern day northern Ghana) during British domination.⁵ Employing archaeological evidence dating back to the colonial period, Swanepoel showed that the “transition” was slower than the image of a “monetary revolution” conveys. According to her, in order to understand these “transitions”, it is necessary to look at the “network effect” of different contextual factors and historical variables that concur in the (often conflictual) encounter of different “regimes of value”.⁶ As we will see in the course of the thesis, it is the “non-development of a positive network effect” that determined the failure of monetary policies.⁷ In other words, a network effect that could not be produced by the colonial currencies themselves. As it is stated by Keith Hart and Horacio Ortiz, money “is a constitutive part of our

⁴ Gerda Henkel Stiftung, ‘Monetary Transitions: The Introduction of Colonial Currencies in East Africa and their Impact on Indigenous Societies and Economies’, (AZ 37/F/16). Principal investigator: Karin Pallaver.

⁵ Natalie Swanepoel, ‘Small Change: Cowries, Coins and the Currency Transition in the Northern Territories of Colonial Ghana’, ed. François G. Richard, *Materializing Colonial Encounters: Archaeologies of African Experience* (2015), 41–69.

⁶ *Ibid.*, 43. In Arjun Appadurai’s words, a *regime of value* can be defined as “the cultural framework that defines the commodity candidacy of things. [It] does *not* imply that every act of commodity exchange presupposes a complete cultural sharing of assumptions, but rather that the degree of value coherence may be highly variable from situation to situation, and from commodity to commodity. [...] Such regimes of value account for the constant transcendence of cultural boundaries by the flow of commodities, where culture is understood as a bounded and localized system of meanings”. See Arjun Appadurai, ‘Introduction: Commodities and the Politics of Value’, in *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge: Cambridge University Press, 1986), 14–15.

⁷ Swanepoel, ‘Small Change’, 45.

multilayered identities, from the most intimate relations to communities of exchange on a vast scale”.⁸ For this reason, money can also be used as a lens through which to investigate different aspects of Italian colonialism in Eritrea. In this thesis, I will adopt a thematic rather than chronological organisation, dedicating each chapter to the analysis of some of the elements (e.g., colonial studies, wages, monetary policies) that were involved in the colonial transition of the Eritrean monetary system. By adopting a “monetary angle”, the thesis will not only address questions pertaining the monetary history of the region, but it will also include an account of the building of “colonial knowledge”, the introduction of wage labour, and the opening of new financial institutions that would go on to help the colonial government mitigate the impact of the First World War on the colony.

The main research questions of the thesis are:

- How did the Italians build their “colonial knowledge” about monetary systems in the Red Sea? What were the changing ideas that motivated their analyses and their policies?
- What were the motivations that pushed the Eritreans to enrol in the Italian colonial army, and what the instruments employed by the Italians to encourage their recruitment? How did local regimes of value adapt to the introduction of wage labour? And what were the strategies employed by Eritreans to store wealth?
- What were the financial tools employed by both indigenous and European traders in Eritrea before the opening of the first bank branch? What was the impact of the establishment of bank branches in Eritrea on Italian currency policies from the outbreak of the First World War? What were the strategies employed by the different actors to face the currency crisis provoked by the War? And what can that event tell us about the degree of integration of Eritrea’s economy in the broader economy of the Red Sea region?

The case studies I will present in this dissertation will show that the introduction of colonial currencies did not produce a swift passage to a new monetary and social order. Instead, it was rather a slow transition, with frequent setbacks and deviations, whose final destination was not at all

⁸ Keith Hart and Horacio Ortiz, ‘The Anthropology of Money and Finance: Between Ethnography and World History’, *Annual Review of Anthropology* 43, no. 1 (2014): 478.

obvious. As we will see, it is not possible to understand this transition without looking at the other factors that accompanied the introduction of colonial money (such as the introduction of wage labour), the role of local regimes of value, and the positioning of Eritrean economy in a broader regional perspective.

In this introductory chapter, I will first look at the works that contributed to the production of an analytical framework useful for the study of African monetary systems in colonial contexts. Then I will briefly illustrate the state of the art of the monetary and economic history of Eritrea during the Italian colonial period. As will be shown, the monetary history of Eritrea has been a neglected field; therefore, this thesis fills a gap in the literature. This is because it is the first contribution on this topic that employs the analytical framework of African monetary history. After an outline of the spatial and temporal coordinates of my work, I will introduce the theoretical framework that inspired the thematic organisation of my thesis. Finally, I will describe the dissertation in its various parts, and the nature of the sources I consulted to complete it.

A brief overview of African monetary history literature

The understanding of monetary systems in Africa was of primary importance for colonial administrators. Colonial currencies were a tool to integrate local economies into colonial ones and to divert commodities to new trade networks controlled by European firms. The importance of these facts was already acknowledged in the pioneering work by Allan McPhee on the economic history of British West Africa in 1926.⁹ However, it was only in the 1950s that scholarly attention was brought to the impact of European colonialism on African monetary systems. Paul Bohannon was the first anthropologist to use an on-the-ground approach to explain the impact of the introduction of British currencies on the local exchange system of the Tiv people of Nigeria. His work was inspired by the urgency to collect information about a system of values that was, according to the author, “among the hardest hit of all [Tiv’s] ideas by impact of Western ideology and by colonial economy and social

⁹ Allan McPhee, *The Economic Revolution in British West Africa* (2016), 237–328.

organisation”.¹⁰ According to Bohannan’s interpretation, economic exchanges among the Tiv people occurred within three main categories of items, which he calls “spheres of exchange”, hierarchically organised. In the first category were locally produced foodstuffs, chickens and goats, household utensils and the raw materials for producing them. In the second category were slaves (even if slavery was abolished at that time), cattle, white cloth (called *tugudu*) and brass rods. In the third category, which was the most important, there were rights in handling human beings, especially women.¹¹ An exchange of items belonging to the same “category” was not problematic, while exchanges of items belonging to different categories were always somehow morally charged. For example, it was considered appropriate to exchange cattle for cloth or iron bars, while exchanging the “right in people” (such as in marriage exchanges) for an item of a different category produced negative moral judgements. According to Bohannan, the introduction of European “money” was threatening for the maintenance of the status quo of African societies, as it had “provided a common denominator among the categories which was previously lacking”.¹² This idea of what could be seen as defenceless exposure of African social systems to the introduction of European currencies was reinforced through Karl Polanyi’s influence on the studies of African economic systems, in particular of his definitions of “general-purpose” and “special-purpose” money.¹³ The first is a kind of money which holds all the functions of money (as a means of exchange, method of payment, standard of value, store of wealth and unit of account), while the latter serves one or two of these functions.¹⁴ These definitions were employed by those scholars that formed the “substantivist school”, that called for the development of

¹⁰ Paul Bohannan, ‘Some Principles of Exchange and Investment among the Tiv’, *American Anthropologist* 57, no. 1 (1955): 66.

¹¹ *Ibid.*, 62–63.

¹² *Ibid.*, 67.

¹³ “Early money is, as we saw, special-purpose money. Different kinds of objects are employed in the different money uses”. Karl Polanyi, ‘The Economy as Instituted Process’, in *Trade and Market in the Early Empires: Economies in History and Theory*, ed. K. Polanyi, R. Conrad Arensberg and W. Harry Pearson (Chicago: Gateway, 1957), 243–69. See also Polanyi, ‘The Semantics of Money-Uses’, in *Primitive Archaic and Modern Economies: Essays of Karl Polanyi*, ed. George Dalton (New York: Anchor Books, Doubleday, 1968), 175–203.

¹⁴ Bill Maurer, ‘The Anthropology of Money’, *Annual Review of Anthropology* 35, no. 1 (October 2006): 20.

different analytical tools for the study of the economies where “market principles” did not apply.¹⁵ Using these categories, Bohannon further developed his analysis of the Tiv’s exchange system: European general-purpose money was standardising “the exchangeability value of every item to a common scale” thus producing a “monetary revolution”.¹⁶ Since then, the concept of a currency or monetary “revolution” provoked by the introduction of colonial currencies became a resilient framework of analysis in African economic history.¹⁷ In 1966, Antony G. Hopkins used the term “currency revolution” to describe the consequences of the devaluation of cowrie shells,¹⁸ and the demonetisation of the Spanish silver dollar implemented by the British in Nigeria at the end of the nineteenth century.¹⁹ However, in his later and most complete synthesis of the economic history of West Africa, this concept does not appear. In his book, *An Economic History of West Africa*, Hopkins acknowledged the existence of broad commercial networks in pre-colonial Africa, facilitated by the exchange of multiple monetary devices.²⁰ Hopkins also questioned the validity of the definition of

¹⁵ “The substantive meaning of economic [sic] derives from man’s dependence for his living upon nature and his fellows. It refers to the interchange with his natural and social environment, in so far as this results in supplying him with the means of material want satisfaction. The formal meaning of economic [sic] derives from the logical character of the means-ends relationship, as apparent in such words as “economical” or “economizing.” It refers to a definite situation of choice, namely, that between the different uses of means induced by an insufficiency of those means”. Polanyi, ‘The Economy as Instituted Process’, 243. George Dalton, a student of Polanyi, wrote that the introduction of a “general-purpose” currency in these societies had “inevitable repercussions on traditional social organization and cultural practices”; Dalton, ‘Primitive Money’, *American Anthropologist* 61, no. 1 (1965): 61.

¹⁶ Paul Bohannon, ‘The Impact of Money on an African Subsistence Economy’, *The Journal of Economic History* 19, no. 4 (1959): 500.

¹⁷ See for example Walter I. Ofonagoro, ‘From Traditional to British Currency in Southern Nigeria: Analysis of a Currency Revolution, 1880-1948’, *The Journal of Economic History* 39, no. 3 (1979): 623–54.

¹⁸ Cowrie shells (*Cypraea moneta* and *Cypraea annulus*) were fished in the Indian Ocean and imported into West Africa, where they circulated as currencies along with other means of exchange since at least 18th century. The most authoritative work on cowrie shells at that time was that of Marion Johnson: ‘The Cowrie Currencies of West Africa. Part I’, *The Journal of African History* 11, no. 1 (1970): 17–49; and ‘The Cowrie Currencies of West Africa. Part II’, *The Journal of African History* 11, no. 3 (1970): 331–53. The matter was further analysed in Jan S. Hogendorn and Marion Johnson, *The Shell Money of the Slave Trade* (Cambridge and New York: Cambridge University Press, 2003).

¹⁹ Antony G. Hopkins, ‘The Currency Revolution in South-West Nigeria’, *Journal of the Historical Society of Nigeria* 3, no. 3 (1966): 471–83.

²⁰ Antony G. Hopkins, *An Economic History of West Africa* (London: Longman, 1973), 67. A second edition of this book was published almost 50 years later: Antony G Hopkins, *An Economic History of West Africa* (Abingdon: Routledge, 2020).

“special purpose money” for African currencies, as these currencies were used “to extend trade, not to obstruct it”.²¹

The first convincing arguments against the “substantivist” concept of a “currency revolution” in African monetary systems were developed in the 1980s. Economics as a discipline had never considered African currencies as “modern” money, largely due to the European bias that tends to not consider non-metallic means of exchange as “real” money. James L.A. Webb attempted a synthesis between the two approaches. He applied some tools of the neoclassical economics (such as the concept of “degree of flexibility in currency substitutions”) to west African currencies to show that these tools are inadequate, without a deep understanding of local and regional dynamics, in assessing the impact of colonial monetary policies.²² Later on, Maurice Bloch and Jonathan Parry stated that the introduction of colonial currencies was not enough to justify the changes in local economies and trade patterns. It was necessary to look at “the complexities of the causal factors at work in the transformations”.²³ The role that each society attributed to money could not be understood without considering other “historical forces” shaping it.²⁴ The milestone in this respect is represented by a collection of case studies, focusing on specific areas of western and equatorial Africa, edited by Jane Guyer in 1995. According to Guyer, although the concept of a “monetary revolution” was stimulating for the development of previous research in African monetary history, it implied the idea of a total replacement of a state of being with another (like the supplanting of “primitive” special purpose money with “modern” general purpose money).²⁵ However, this was not the case when pre-colonial

²¹ In Hopkins, the term “transitional” also appears, but with a slightly different meaning than that provided by Swanepoel. It is applied to define those currencies that lie between “pure barter” and “the monetary systems of advanced industrial societies”. See Hopkins, *An Economic History of West Africa*, 1973, 68, 70. It is worth noting that the term applies also at those “imported” currencies that Jane Guyer would later define as “interface currencies” (those currencies that were used by Europeans in Africa for trading but could not be converted into “European assets”). See Jane I. Guyer, ‘Introduction. The Currency Interface and Its Dynamics’, in *Money Matters: Instability, Values, and Social Payments in the Modern History of West African Communities*, ed. Jane I. Guyer (London: Currey, 1999), 8. Another aspect of novelty in Hopkins is the acknowledgement that this “transition” occurred “way before colonial rule”. Reduced shipping costs allowed European firms to flood west African markets with “transitional money”, which started devaluating, and the circulation of “modern” money increased. Hopkins, *An Economic History of West Africa*, 149.

²² James L. A. Webb, ‘Toward the Comparative Study of Money: A Reconsideration of West African Currencies and Neoclassical Monetary Concepts’, *The International Journal of African Historical Studies* 15, no. 3 (1982): 455–66.

²³ Maurice Bloch and Jonathan Parry, ‘Introduction: Money and the Morality of Exchange’, ed. M. Bloch and J. Parry, *Money and the Morality of Exchange* (1989): 12.

²⁴ *Ibid.*, 30.

²⁵ Guyer, ‘Introduction. The Currency Interface and Its Dynamics’, 1.

currencies participated in transregional trade and could be employed for more “purposes” than the newly-introduced “colonial currencies”, that were mainly employed by Africans to pay government taxes. In another seminal book, *Marginal Gains* (published in 2004), Guyer shows once again the advantages of a historically deep and geographically broad analysis in the study of African monetary history. One of the elements that led the colonisers to define African currencies as “primitive” was the instability of their value from time to time and place to place. Looking more closely at the specificity of respective African societies, Guyer showed that this instability, and the subsequent asymmetry in the transactions between different groups, was actually the means facilitating exchange through conversion. Analysing the regional dimension of Tiv’s trade, Guyer approaches Bohannan case study by showing that the “spheres of exchange” were “not barriers but institutions that facilitated asymmetrical exchanges across value registers”.²⁶ The regional dimension allows Guyer to see the spheres as a directional organisation of different means of exchange towards different trade routes. Later works have been inspired by Guyer’s attention to specificities in a historical perspective, adding substantial complexity to African monetary history. Mahir Saul, for example, shows how local merchant women were able to maintain their economic independence by refusing the use of colonial currencies, which in rural areas of West Upper Volta, were accepted and used by the indigenous people only for the payment of taxes.²⁷ In 2009, building on the work by Guyer, the volume *Money in Africa* was published with the intent of starting work towards the production of a more flexible definition of money for African contexts through an interdisciplinary approach, while also stressing the importance of the materiality of money in Africa.²⁸ More recently, a collection dedicated to Jane Guyer has been published where the authors directly engage with some of the analytical concepts introduced by her.²⁹ In this volume, new aspects pertaining the introduction of colonial currencies in

²⁶ Jane I. Guyer, *Marginal Gains: Monetary Transactions in Atlantic Africa* (Chicago: University of Chicago Press, 2004), 28.

²⁷ Mahir Saul, ‘Money in Colonial Transition: Cowries and Francs in West Africa’, *American Anthropologist* 106, no. 1 (2004): 71–84.

²⁸ Catherine Eagleton, Harcourt Fuller, and John Perkins, *Money in Africa* (London: The British Museum, 2009).

²⁹ Wale Adebani and James Ferguson, *The Political Economy of Everyday Life in Africa: Beyond the Margins* (2017).

Africa have been investigated, such as the persistence of local regimes of value;³⁰ once again, a multidisciplinary approach was attempted applying the tools of economics to the themes usually analysed by economic historians of Africa.³¹

Scholarly contributions to African monetary history have mostly focused on West Africa. However, more recently, a growing body of scholarship has been published about East African colonial contexts too.³² Using an approach more attentive to historical processes and local practices, these studies shed light on new spaces of negotiation for local actors affected by colonial monetary policies.³³ The analysis of money as an object “to see” stresses the role that currency has had to drive political meanings in Africa. On the one hand, the colonisers used the representations on the banknotes and the coins to convey the role they designed for the colony in their economic system. On the other hand, banknotes could be used to drive messages of political contestation, as in the case of the Mau Mau insurrection in Kenya, described by Wambui Mwangi.³⁴

Contributions from other disciplines, such as economic history, also bring a valuable input and useful analytical tools for the study of the rationale behind colonial monetary policies. In his study regarding the historical nature of national currencies, Eric Helleiner devotes a chapter to the explanation of the reasons behind colonial powers’ attempts to introduce their own currencies into the colonies, and to build currency zones. Reduction of internal and external transaction costs,

³⁰ Jean Comaroff and John L. Comaroff, ‘Beasts, Banknotes and the Colour of Money in Colonial South Africa’, *Archaeological Dialogues* 12, no. 2 (2005): 107–32; Célestine Monga, ‘The Macroeconomics of Marginal Gains: Africa’s Lessons to Social Theorists’, in *The Political Economy of Everyday Life in Africa: Beyond the Margins*, ed. Wale Adebani (Boydell & Brewer, 2017), 115–31.

³¹ Monga, ‘The Macroeconomics of Marginal Gains. Africa’s Lessons to Social Theorists’.

³² For a recent overview of the literature on African monetary history, see Jane Guyer and Karin Pallaver, ‘Oxford Research Encyclopaedia of African History’, in *Money and Currency in African History* (Oxford: Oxford University Press, 2018).

³³ Wambui Mwangi, ‘Of Coins and Conquest: The East African Currency Board, the Rupee Crisis, and the Problem of Colonialism and the East African Protectorate’, *Comparative Studies in Society and History* 4, no. 4 (2001): 763–87; Karin Pallaver, “‘The African Native Has No Pocket’: Monetary Practices and Currency Transitions in Early Colonial Uganda”, *International Journal of African Historical Studies* 48, no. 3 (September 2015): 471–99; Pallaver, ‘Paying in Cents, Paying in Rupees’, in *Colonialism, Institutional Change and Shifts in Global Labour Relations*, ed. Karin Hofmeester and Pim de Zwart (Amsterdam University Press, 2018), 295–326; Pallaver, ‘A Currency Muddle: Resistance, Materialities and the Local Use of Money during the East African Rupee Crisis (1919–1923)’, *Journal of Eastern African Studies* (2019): 1–19.

³⁴ Wambui Mwangi, ‘The Lion, the Native and the Coffee Plant: Political Imagery and the Ambiguous Art of Currency Design in Colonial Kenya’, *Geopolitics* 7, no. 1 (2002): 31–62.

macroeconomic factors, the profits coming from seigniorage, and the political value of money were all aspects that determined the design of new monetary policies, and, sometimes, their failure.³⁵

Akinobu Kuroda recently proposed a new analytical framework for the study of the global history of money.³⁶ His work partly sprouts from his previous analysis of the concept of the complementarity of money in a multiple currency system.³⁷ This concept was developed while also looking at the incredible resilience of the Maria Theresa thaler to the numerous attempts made by different colonial powers to substitute it or control its circulation.³⁸ My thesis follows the path illuminated by this work, and by the studies discussed above, to untangle the intricacies of Eritrea's monetary system in the regional context of the Red Sea, during the period of Italian occupation.

Economic and financial history of Italian colonialism in Eritrea

The first historical studies about Italian colonialism were produced by colonial officers and administrators. Their approach looked at local societies from the point of view of the colonisers, very often detaching “their” society from that of the colonial subjects. That was mainly an institutional, political and diplomatic history, with the intention of celebrating “successes” or justifying the failures of Italian colonialism in Africa.³⁹ This historiography found its impetus after the Italian defeat at ‘Adwa. The dismay provoked by that event called for the production of memories and chronicles, analysing the errors that brought about the defeat, justifying any particular author's actions, or even simply testifying to the experiences of the war and subsequent captivity.⁴⁰ Even considering their

³⁵ Eric Helleiner, ‘The Monetary Dimensions of Colonialism: Why Did Imperial Powers Create Currency Blocks?’, *Geopolitics* 7, no. 1 (2002): 5–30; Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective*, 2003, 163–85.

³⁶ Akinobu Kuroda, *A Global History of Money* (London: Routledge, 2020).

³⁷ Akinobu Kuroda, ‘What Is the Complementarity among Monies? An Introductory Note’, *Financial History Review* 15, no. 1 (2008): 7–15.

³⁸ Akinobu Kuroda, ‘The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets’, *Financial History Review* 14, no. 1 (2007): 89–110.

³⁹ See for example Beniamino Melli, *L'Eritrea dalle sue origini a tutto l'anno 1901: appunti cronistorici, con ... un'appendice di note geografiche e statistiche e di cenni sul Benadir e sui viaggi d'esplorazione* (Milan: Hoepli, 1902); and Emilio Bellavita, *La battaglia di Adua: i precedenti - la battaglia - le conseguenze (1881-1931)* (Genoa: I Dioscuri, 1988).

⁴⁰ An example of a self-justifying work is Oreste Baratieri, *Memorie d'Africa: (1892-1896)* (Genoa: I Dioscuri, 1988). Some examples of published diaries are Alessandro Sapelli, *Memorie d'Africa (1883-1906)* (Nicola Zanichelli Editore, 1935); Giovanni Tedone, *Angerà. I Ricordi Di Un Prigioniero Di Menelik* (Milan: Giordano Editore, 1964); Carlo Diotti, *Prigioniero d'Africa. La battaglia di Adua e l'impresa coloniale del 1895-96 nel diario di un caporale italiano* (Como: Nodo libri, 2006).

obvious limitations related to their biased descriptions and the flattering representation of colonial society, these studies constituted (and still constitute) a rich source of information.⁴¹ For example, such studies provide data about the state of trade and the economy of the colonies, or make explicit the discourses and ideas that led to the realisation of Italian policies.⁴² This is relevant for the present study because it is not always easy to find consistent economic data in the archives, and because these studies can give another perspective in understanding the reasons that led the Italians to employ their monetary policies.

A first approach to the study of colonial documents came with the constitution of the Committee for the Documentation of the Italian Activities in Africa (“Comitato per la documentazione dell’opera dell’Italia in Africa”). However, more than putting Italian colonialism in historical perspective, the aim of the Committee was to produce a collection of the allegedly “positive” results of Italian policies in the colonies, in a new attempt to save face (and some political and economic influence in the former colonies) in front of the international community. The Committee’s work also meant the beginning of a long period of exclusion of Italian academic historians from the study of the documents produced by the Italian colonial administration, which were exclusively accessed by the committee members. The result was the publication of six series made up of 41 volumes.⁴³ Even if these provide some information for historical research on the most diverse aspects of Italian colonial history, the intent of the Committee was still that of celebrating what they defined the process of “civilisation” that Italy

⁴¹ Wide-ranging works about Italian colonialism in Africa were also produced in the fascist period, but they were obviously influenced by the ideas of their time regarding the “civilising mission” of Italy in Africa. See for example Gennaro Mondaini, *Manuale di storia e legislazione coloniale del Regno d’Italia, Parte 1. Storia Coloniale* (Rome: A. Sampaolesi, 1927); Raffaele Ciasca, *Storia coloniale dell’Italia contemporanea. Da Assab all’impero* (Milan: Hoepli, 1940).

⁴² In this sense a very useful and comprehensive work is that by Gennaro Mondaini, which offers a historical contextualisation for the Italian colonial policies until the end of the 1920s. Mondaini, *Manuale di storia e legislazione coloniale del Regno d’Italia. Parte 1. Storia Coloniale*; Gennaro Mondaini, *Manuale di storia e legislazione coloniale del Regno d’Italia. Parte 2. Legislazione* (Rome: A. Sampaolesi, 1924). An updated version of the work, mainly focussed on the history of Italian legislation in the colonies, was published in 1941: Gennaro Mondaini, *La legislazione coloniale italiana nel suo sviluppo storico e nel suo stato attuale (1881-1940)* (Milan: Istituto per gli studi di politica internazionale, 1941).

⁴³ The volumes were divided in a historical series (3 monographs and 11 collections of documents), a scientific-cultural series (10 volumes), a historical-military series (8 volumes), an administrative-giuridical series (4 volumes), a civil series (2 volumes), and an economic-agarian series (3 volumes). See Nicola Labanca, *In marcia verso Adua* (Giulio Einaudi Editore, 1993), 19 note 59; Antonio M. Morone, ‘I custodi della memoria. Il Comitato per la documentazione dell’opera dell’Italia in Africa’, *Zapruder* 23 (2010): 36–37. In particular, I have consulted the first volume of the historical-military series for a necessary overview of the Italian military organisation in the colonies, for the completion of chapter 2. However, even in that volume, the celebratory intent of the work is apparent.

brought to the colonies.⁴⁴ The aim was to separate the alleged “civilising” deeds of Italian colonialism of the “liberals” before the 1920s, from the degeneracy of the fascist period.

Unique and rare exceptions that occurred during the time when the committee was still working, are represented by a book by Roberto Battaglia, a Marxist non-academic historian, and the contributions by Giorgio Rochat.⁴⁵ In these works on the political and diplomatic history of Italian colonialism, the self-indulging colonial attitude disappears. This new tendency to analyse Italian colonial history from a critical perspective is further developed by Angelo Del Boca in his work *Gli italiani in Africa Orientale*. Del Boca underlines how the colonialism of pre-fascist Italy was no “different” from the “other European colonialisms”, or fascist colonialism.⁴⁶ In fact, he was the first to stress the continuities in Italian colonial policies between the liberal and the fascist period. Del Boca was also one of the first historians of his generation to finally access those colonial archives monopolised by the Committee.⁴⁷

The first investigations into the social and economic impact of Italian colonialism on the colonised societies developed in the 1980s, in the wake of new developments of African History as a discipline in Italy.

Significant in this sense are the works by Irma Taddia, who paid special attention to the consequences of Italian agrarian reforms on local societies in general, and family relations and political hierarchies in particular.⁴⁸ At the same time, she investigated the consequences of these reforms on the organisation of the colonial economy during the entire period of Italian colonialism,

⁴⁴ It is worth noting that the first president of the committee was Francesco Saverio Caroselli, who had been governor of Italian Somalia from 1937 to 1940, and the committee itself was founded by the still-functioning Ministry of Italian Africa, which was dismissed in 1953. The committee was disbanded in 1984. Morone, ‘I custodi della memoria. Il Comitato per la documentazione dell’opera dell’Italia in Africa’, 23. Del Boca writes about the permanence of this self-indulging attitude in Italian culture in *L’Africa nella coscienza degli Italiani: miti, memorie, errori, sconfitte* (Rome: Laterza, 1992).

⁴⁵ Roberto Battaglia, *La prima guerra d’Africa* (Turin: Einaudi, 1973); Giorgio Rochat, *Il colonialismo italiano* (Turin: Loescher, 1973).

⁴⁶ Angelo Del Boca, *Gli italiani in Africa orientale: dall’unità alla marcia su Roma* (Milan: A. Mondadori, 1992).

⁴⁷ For an overview of the literature on the history of Eritrea during Italian colonialism, see Irma Taddia, ‘Notes on Recent Italian Studies on Ethiopia and Eritrea’, *Metodo* 18 (2002); Marco Lenci, ‘Dalla storia delle colonie alla storia dell’Africa’, *Africa: Rivista trimestrale di studi e documentazione dell’Istituto Italiano per l’Africa e l’Oriente* 58, no. 2 (2003): 207–18; Nicola Labanca, *Oltremare: storia dell’espansione coloniale italiana* (Bologna: Il mulino, 2007), 477–547; Roberta Pergher, ‘Impero immaginario, impero vissuto. Recenti sviluppi nella storiografia del colonialismo italiano’, *Ricerche di Storia Politica*, no. 1 (2007).

⁴⁸ Irma Taddia, *L’Eritrea-colonia, 1890-1952: paesaggi, strutture, uomini del colonialismo* (F. Angeli, 1986).

finally attempting to assess the impact of Italian agrarian policies on the birth of an Eritrean agrarian entrepreneurial class. Her book *L'Eritrea Colonia* was also the first study to collect relevant data about Italian colonial budgets and expenditures, showing how the lack of investments in productive activities led the colony to be dependent on public expenses from the central government.⁴⁹

The publication in 1987 of a book by Tekeste Negash was another milestone in historical studies on Eritrea and the colonial economy.⁵⁰ His work is particularly important because it is the first to recognise the importance of the role of the indigenous soldiers, the *ascaris*, for the society and the economy of the colony. He was also the first to look at the way in which colonial subjects began to be included in Italian colonial administration, mostly through the assignment of subaltern roles, but also through the introduction of a restricted education system.⁵¹ In his work, Negash introduced a new periodisation in the history of Italian colonialism in Eritrea, according to the economic roles that the Italians attributed to the colony over time. According to Negash, the first period was that between the Treaty of Wəṣale (1889) and the Battle of 'Adwa (1896), when the Italians attempted to create an agrarian settlement colony. The appointment of the first civil administrator in 1897, Ferdinando Martini, represented the beginning of a second phase characterised by political stabilisation, with attempts to exploit the natural resources of the colony and enhance its commercial potential. This phase continued with the governors Salvago Raggi (1907-1914) and Jacopo Gasparini (1923-1928), when the colony became a pool of recruits for the Italian campaigns in Libya and Somalia. Finally, during the third phase (from 1932 to 1941), Eritrea assumed a strategic role in relation to the invasion of Ethiopia (1935-1936). This kind of periodisation can be useful in surveying the general trend of the Italian exploitation of the colony. However, some elements of continuity can be seen between the different phases. For example, as we will see in chapter 2, an idea of the colony as a recruiting pool existed well before the start of the campaign in Libya, and even if the number of recruits was smaller

⁴⁹ *Ibid.*, 293–99.

⁵⁰ Tekeste Negash, *Italian Colonialism in Eritrea, 1882-1941: Policies, Praxis, and Impact*, Acta Universitatis Upsaliensis. Studia Historica Upsaliensia (Uppsala: Uppsala University and Almqvist & Wiksell, 1987).

⁵¹ Tekeste Negash, while acknowledging Taddia's work as a turning point in studies of the history of Eritrea during Italian colonial period, disagrees on the extent of the impact of Italian colonialism on land tenure and agricultural production in Eritrea. Negash tends to downsize the impact of Italian colonialism in relation to broader Eritrean history. See Negash, *Italian Colonialism in Eritrea*, 19.

compared to that of later periods, it was still important if compared to that of other African colonial armies of the time.

According to Nicola Labanca, different Italian economic approaches to the colonies represented different attempts in economic exploitation to a greater degree than the subsequent application of well-thought-out economic planning.⁵² Labanca also pointed out that the economic impact of Italian colonialism has been a largely ignored problem by historians. The reason of this neglect lies, according to Labanca, in the prejudice towards Italian colonialism as a “poor” colonialism, and late-comer in the “Scramble for Africa”, a colonialism with a limited capital investment.⁵³ This was a common way of looking at Italian imperialism. A famous example is that of Vladimir Lenin, citing the German-Italian sociologist Robert Michels, who defined Italian imperialism as “imperialismo della povera gente” (“poor people’s imperialism”).⁵⁴ What was conveyed by this definition was an understanding of Italian colonialism as a way to redirect unemployed Italian migrants toward newly acquired territories, while still keeping them under Italian sovereignty.⁵⁵

Gian Luca Podestà was the first economic historian to focus specifically on Italian colonialism. He developed a slightly different periodisation compared to Negash in his work about Italian economic activities in the Italian African colonies, using the First World War as a watershed.⁵⁶ In his first approach to Italian economic investment in Eritrea, Podestà investigated the extent of the influence of Italian industrialists and entrepreneurs in the first phases of the Italian colonial period.⁵⁷ It was in his later volume, *Il mito dell’Impero*, that, looking at Italian East African colonies, he described the beginning, the outcomes, and the failures of the most important Italian enterprises. Podestà’s is the only comprehensive study on Italian productive activities in the colonies, and also

⁵² Labanca, *Oltremare*, 267–307.

⁵³ *Ibid.*, 20–25.

⁵⁴ Vladimir Ilyich Lenin, ‘Imperialism and Socialism in Italy’, in *Lenin Collected Works*, vol. 21 (Moscow: Progress Publishers, 1974), 357–66; Robert Michels, *L’imperialismo italiano, studi politico-demografici* (Milan: Società Editrice Libreria, 1914).

⁵⁵ Samir Amin, in his typification of colonies, included Eritrea (then part of the Ethiopian Empire) in the group of “Africa of the colonial trade economy”. Samir Amin, ‘Underdevelopment and Dependence in Black Africa-Origins and Contemporary Forms’, *The Journal of Modern African Studies* 10, no. 4 (1972): 505.

⁵⁶ Gian Luca Podestà, *Il mito dell’Impero. Economia, politica e lavoro nelle colonie Italiane dell’Africa orientale 1898-1941* (Torino: Giappichelli, 2004).

⁵⁷ Gian Luca Podestà, *Sviluppo industriale e colonialismo. Gli investimenti italiani in Africa orientale 1869-1897* (Giuffrè, 1996).

contains useful quantitative data about the extent of investments and the diversity of the Italian attempt to economically exploit the colonies.⁵⁸ In this volume he also takes into account the most important monetary reforms in the Italian colonies, stressing their failure.

The first extensive overview of Ethiopia and Eritrea's monetary systems was developed by Richard Pankhurst. In his works, Pankhurst describes the currencies circulating in Eritrea and Ethiopia since the early 18th century, with special attention to the Maria Theresa thaler. Pankhurst relies on reports and accounts by explorers, colonial agents and administrators.⁵⁹

Arnaldo Mauri has published various articles and books dealing with the history of the banking system in Ethiopia. In his work, he has gathered relevant information about monetary circulation and colonial monetary policies in Eritrea. He retraces the history of Italian monetary reforms in the colony, focusing on the problems the Italians faced in building a colonial monetary system. Mauri's sources are mostly colonial publications, but he also relies on archival resources to add some details on the first phases of the occupation and the introduction of the first banknotes in Eritrea.⁶⁰

More recently, Ercole Tuccimei has described the monetary history of the Italian colonies through the documents of the *Archivio Storico della Banca d'Italia* (ASBI). His work is important in understanding the role of the bank in the support of the Italian colonial monetary policies.⁶¹

⁵⁸ Gian Luca Podestà, *Il mito dell'impero. Economia, politica e lavoro nelle colonie italiane dell'Africa orientale 1898-1941* (Torino: Giappichelli, 2004).

⁵⁹ In most of his works, Pankhurst had Ethiopia as his unit of analysis. See Pankhurst, "Primitive Money" in Ethiopia', *Journal de la Société des africanistes* 32, no. 2 (1962): 213–48; Pankhurst, *Economic History of Ethiopia, 1800-1935*; Richard Pankhurst, 'The Advent of the Maria Theresa Dollar in Ethiopia, Its Effect on Taxation and Wealth Accumulation and Other Economic, Political and Cultural Implications', *Northeast African Studies* 1, no. 3 (1979): 19–48; Pankhurst, 'The Perpetuation of the Maria Theresa Dollar and Currency Problems in Italian-Occupied Ethiopia 1936-1941', *Journal of Ethiopian Studies* 8, no. 2 (1970): 89–117.

⁶⁰ Arnaldo Mauri was among the first to access "documents of the Committee". This is testified by the presence of two folders of the *Archivio Storico del Ministero dell'Africa Italiana* (ASMAI) containing the outline of a never-completed monograph and a collection of the receipts relative to the documents that he inspected. The outline of the monograph resembles that of his *Il mercato del credito in Etiopia*, published in 1964. Some information about the coins circulating in the Italian colonies can be also found in very detailed articles published in numismatic journals. See for example: Giuseppe Girola, 'La circolazione del tallero e della lira in Etiopia durante l'occupazione italiana', *Rivista Italiana di Numismatica*, 111 (2010): 323–60. Luigi Rizzoli, 'Il vecchio "tallero" di Maria Teresa e alcuni tentativi di sostituirlo', *Rassegna Monetaria*, 33, no. 5–6 (1936): 171–77. A thorough publication about the coins and banknotes circulating in the Horn of Africa is Dannis Gill, *The Coinage of Ethiopia, Eritrea and Italian Somalia* (Mincola, NY: Printing Mart of Long Island, Inc., 1991).

⁶¹ Ercole Tuccimei, *La banca d'Italia in Africa: introduzione all'attività dell'Istituto di emissione nelle colonie dall'età crisipina alla Seconda Guerra Mondiale* (Bari: Laterza, 1999).

Karin Pallaver's research is concerned with the Italian monetary policies implemented in Eritrea and Somalia, as a consequence of the currency crisis brought about by the outbreak of the First World War.⁶² Pallaver explains why these policies did not work, finding an answer in the failed understanding of the intricacies of regional monetary circulation by Italian administrators. Steven Serels has also focused on Eritrean monetary history in a recent overview about the impact of colonial monetary policies in the southern Red Sea Region, which he considers the cause of the long-term monetary instability and economic poverty of the region. Important work has been presented by Akinobu Kuroda, who investigated the success of the Maria Theresa thaler in the Red Sea region, explaining its success through the use of his analytical concept of "complementarity".⁶³

This dissertation builds on this body of literature and explores the construction of colonial policies and the consequences that these policies had on the ground. It serves to fill a gap in the literature on the monetary history of Eritrea during the Italian colonial period.

My thesis also draws inspiration from a new wave of studies bringing the perspective on the social history of Eritrea closer to the ground, as well as confronting some aspects of the economic history of the colony. The most interesting works have dealt with the ability of relevant actors in confronting colonial power to acquire economic advantage,⁶⁴ in addition to the implications of the introduction of wage labour on local patterns of inter-regional mobility⁶⁵ and the processes of urbanisation in Eritrea.⁶⁶ In these processes, the indigenous soldiers of the Italian army (the *ascaris*) filled an important role.⁶⁷ Research conducted so far on the number of Eritrean youths enrolled in the Italian

⁶² Karin Pallaver, 'Da moneta straniera a moneta nazionale: Prima Guerra Mondiale, politiche coloniali e circolazione monetaria in Eritrea e Somalia', in *Africa. Storia, Antropologia, Economia, Migrazioni*, ed. Donatella Strangio (Roma: Edizioni Nuova Cultura, 2018), 95–124.

⁶³ This framework will be illustrated in chapter 3. Kuroda, 'The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets'; Kuroda, *A Global History of Money*.

⁶⁴ Massimo Zaccaria, 'Governare l'arcipelago. Le isole Dhalak attraverso i domini coloniali', in *Governare l'Oltremare. Istituzioni, funzionari e società nel colonialismo italiano*, eds. Gianni Dore et al., Studi Storici Carocci 193 (Rome: Carocci editore, 2013).

⁶⁵ Stefano Bellucci and Massimo Zaccaria, 'Wage Labor and Mobility in Colonial Eritrea, 1880s to 1920s', *International Labor and Working-Class History* 86 (2014): 89–106.

⁶⁶ Uoldelul Chelati Dirar, 'From Warriors to Urban Dwellers: Ascaris and the Military Factor in the Urban Development of Colonial Eritrea', *Cahiers d'études Africaines* 175 (2004); Francesca Locatelli, "'Oziosi, Vagabondi e Pregiudicati": Labor, Law, and Crime in Colonial Asmara, 1890-1941', *The International Journal of African Historical Studies* 40, no. 2 (2007): 225–50.

⁶⁷ Bellucci and Zaccaria, 'Wage Labor and Mobility in Colonial Eritrea, 1880s to 1920s'; Alessandro Volterra, *Sudditi coloniali: ascari eritrei 1935-1941* (Milan: F. Angeli, 2005); Marco Scardigli, *Il braccio indigeno: Ascari, irregolari e bande nella conquista dell'Eritrea 1885-1911* (Milan: Angeli, 1996).

army shows that the army could be considered the main employer in the colony, especially starting from the Italian invasion of Libya.⁶⁸ As Alessandro Volterra as shown in his description of personal experiences collected through oral sources, the army was also an important engine for social mobility in the colony, even after a soldier's service ended. However, Uoldelul Chelati Dirar has pointed out, the impact of the recruitment of *ascaris* on the Eritrean economy is a field that needs to be further investigated, together with their role in the spreading of wage labour in the colony.⁶⁹

Time, space and theory: The outline of this dissertation

Irma Taddia has stressed the necessity of looking at the first Italian colony in east Africa in its economically- and environmentally- integrated regional dimension. The territory of the Mədri Baḥri (or *Baḥr Mədər*, a ge'ez definition meaning "land of the sea") with the territory denominated Mārāb-Məllaš (beyond the Mārāb river) constituted the province of Ethiopia that connected the highlands with the sea.⁷⁰ The climatic zones that characterise the relatively narrow strip of land that became the Italian colony of Eritrea made the lowland areas and the highland areas economically interdependent.⁷¹ Generally speaking, the mostly agricultural highlands integrated economically with the pastoralist lowlands, and the whole region represented a transit zone for the caravan trade between the inland areas and the sea.⁷² More recently, Jonathan Miran has stressed the cultural and economic importance of the coastal areas of Eritrea, shifting the focus of the analysis from the highlands to the sea.⁷³ This approach is part of a general process of re-territorialisation of the Red Sea as an integrated

⁶⁸ Alessandro Volterra, 'Mercenari, guerrieri, fedelissimi. Percezione delle truppe coloniali eritree', in *La conquista dell'Impero e le leggi razziali tra cinema e memoria*, ed. Carlo Felice Casula, Giovanni Spagnoletti, and Alessandro Triulzi, Archivio audiovisivo del movimento operaio e democratico. Annali (Rome: Effigi, 2020), 58. For an overview of the historiography regarding the number of colonial troops in the Italian army, see chapter 1, section 1 in this thesis.

⁶⁹ Uoldelul Chelati Dirar, 'Truppe coloniali e l'individuazione dell'African agency. Il caso degli ascari eritrei', *Afriche e Orienti* 9, 1 (2007): 53.

⁷⁰ Taddia, *L'Eritrea-colonia*, 46–47.

⁷¹ Jonathan Miran points out the economic and social consequences of the climatic variability between the lowlands and the highlands. The highlands (1,500-3,000 metres above sea level) have a "bimodal rainfall regime" with two rainy periods (March-May and June-September), while the lowlands have limited rains between December and January. The Italian colony of Eritrea had an extension of 119,000 sq. km; Taddia, 91–93, 96; Jonathan Miran, *Red Sea Citizens. Cosmopolitan Society and Cultural Change in Massawa* (Bloomington & Indianapolis: Indiana University Press, 2009), 29; Luigi Vittorio Bertarelli, *Guida d'Italia del Touring Club Italiano. Possedimenti e colonie*. (Milan: Touring Club Italiano, 1929), 519.

⁷² Taddia, *L'Eritrea-colonia*, 50–60.

⁷³ Miran, *Red Sea Citizens*.

space, not only to be considered a transitional space between the Mediterranean and the Indian Ocean. In the framework of the new Oceanic History turn, Jonathan Miran has recently discussed the multiple commercial, socio-cultural and political connections that linked the shores of the Red Sea over the centuries.⁷⁴ This spatial framework is extremely relevant in understanding the historical reasons behind the development of a multiple currency system in the area.

Another wave of studies has recently examined Italian colonialism in a transnational perspective, going beyond the borders of a single colony or present-day nation-state, and instead stressing the connections produced by mobility, cultural links and commercial interdependency.⁷⁵ The importance of this approach is highlighted by Massimo Zaccaria, who urges us to look at the Italian colonies as an interconnected system, following the example of the New Imperial History and overcoming the centre-periphery nexus. To do so, Zaccaria focusses on the links among the colonies with a more “webbed” approach.⁷⁶ Zaccaria also points toward the diverse directions that historical research could follow in producing a less fragmented representation of colonialism. The examples offered by Zaccaria span from the mobility of colonial administrators and their ideas to that of the indigenous soldiers, and the foundation of institutions meant to facilitate the transfer of technical expertise to the colonies.⁷⁷ After all (as was shown by Federica Guazzini), the political borders of the colony itself were intentionally left porous, after the agreements with Ethiopia and British Sudan that brought them to their official definition between 1900 and 1902. On the one hand, it was difficult to control the pastoralist people’s movement at the borders and, hence, fix once and for all a political and fiscal jurisdiction on them. On the other hand, the indeterminacy of the borders left room for the Italians to manoeuvre with regard to territorial expansion, at least on the maps.⁷⁸ A consequence of this can also

⁷⁴ Jonathan Miran, ‘The Red Sea’, in *Oceanic Histories*, eds. David Armitage, Alison Bashford, and Sujit Sivasundaram, Cambridge Oceanic Histories (Cambridge: Cambridge University Press, 2018), 156–81. Alexis Wick reconstructs the definition of the Red Sea as an integrated regional space from the point of view of the Ottoman Empire. Alexis Wick, *The Red Sea: In Search of Lost Space* (Oakland, CA: University of California Press, 2016).

⁷⁵ Shiferaw Bekele et al., ‘Introduction’.

⁷⁶ Massimo Zaccaria, ‘Italian Colonialism in Africa as a Connected System: Institutions, Men and Colonial Troops’, *The Journal of Imperial and Commonwealth History* 47, no. 4 (2019): 722–23.

⁷⁷ Among the different fields in the history of Italian colonialism, Massimo Zaccaria also recognises that economic history remains one of the “less attractive” topics for historians dealing with Italian colonialism. Zaccaria, ‘Italian Colonialism in Africa as a Connected System’, 721.

⁷⁸ Federica Guazzini, ‘La geografia variabile del confine eritreo-etiopico tra passato e presente’, *Africa: rivista trimestrale di studi e documentazione dell’Istituto Italiano per l’Africa e l’Oriente* 54, no. 3 (1999): 309–48.

be seen in the Italian administrative difficulties in keeping track of the caravan trade, as we will see in the third chapter.

In this thesis, I will move both within and beyond the political borders of the colony. Looking at the colony as a political entity will be necessary when describing the policies that the Italians designed for the colony; but at the same time, I will broaden the scope at a regional level to examine the effects of these policies and the reason of their failure (see especially chapter 3). It will be necessary to look at the neighbouring territories when describing military labour relations before the arrival of the Italians, and the impact of the introduction of wage labour and new opportunities to accumulate wealth (chapter 2). In the first chapter, I will discuss the building of “colonial knowledge” about the monetary systems of Eritrea. The spatial dimension for this discussion will be that of the knowledge exchange and connections that linked the colony to Italy and to other European colonial powers.

The choice of a thematic organisation for this thesis, instead of a chronological one, is influenced by the theoretical framework elaborated by Jane Guyer for her collection of papers on the different economic models, devices and practices that constitute contemporary economic systems, which she depicts as “platforms”.⁷⁹ This framework allows the presentation of a complex subject, such as an economic or financial system, without the risk of oversimplifying it through the application of pre-constituted models implying some sort of organic completeness.⁸⁰ This kind of approach allows us to look at the single elements that compose a system, which she calls “assemblage”, and historically

⁷⁹ Jane Guyer, *Legacies, Logics, Logistics: Essays in the Anthropology of the Platform Economy* (Chicago, London: The University of Chicago Press, 2016), 3–39.

⁸⁰ *Ibid.*, 19. A few Ph.D. theses and articles that apply the Assemblage Theory approach to colonial contexts have been produced recently, dealing with diverse aspects of European colonialism. To give some examples, Andrew Lattas and Knut M. Rio use the concept of “assemblage” to describe the construction of “power” in colonial Melanesia as a composition of judicial-legal institutions with other practices to “control” people; Ben Dibley describes the “socio-technical assemblages” that contributed to produce a “practical anthropology” employed in the administration of colonial Papua New Guinea; Raquel Albarrán deals with the role of objects in the production of colonial tropes and discourses in Hispanic America. See Andrew Lattas and Knut M. Rio, ‘Introduction: Securing Modernity: Towards an Ethnography of Power in Contemporary Melanesia’, *Oceania* 81, no. 1 (2011): 1–21; Ben Dibley, ‘Assembling an Anthropological Actor: Anthropological Assemblage and Colonial Government in Papua’, *History and Anthropology* 25, no. 2 (2014): 263–79; Raquel Albarrán, ‘Colonial Assemblages: Objects, Territories, and Racialized Subjects in Pre-Independence Latin America (1492–1810)’, unpublished dissertation, University of Pennsylvania (2016) <<https://repository.upenn.edu/edissertations/1583>>, accessed 30 March 2021.

analyse them.⁸¹ In this way, it is possible to identify the historical processes that have brought together those elements to form the “assemblage”. This approach enables two kinds of analytical operation. On the one hand, as every configuration of the assemblage depends on its historical context, it is possible to underline the processual nature of this composition: “the elements [which compose] the assemblages, already have a history, from which they would not be liberated through a process like assemblage”.⁸² On the other hand, we can underline the “internal heterogeneity [and] external connectedness” of the composition.⁸³

Using this framework to organise my dissertation, I will avoid the flattening of the representation of the Eritrean monetary system, highlighting instead the components that produced it and their historical nature, which makes the assemblage “one among several possible ones, on that particular grounding at that particular time”.⁸⁴ In this way, through the “compositional” representation of the Eritrean monetary system in the Italian colonial period (and in its different historical configurations), my intention is also to produce an “archaeology” (in Jane Guyer’s sense of historicisation) of the elements that compose it, for example wages, credit, banks, silver coins, and even the engravings on coins.⁸⁵ At the same time, I seek to avoid a teleological representation of the monetary system that moves toward a more complex or “evolved” form, a concept that was subsumed in that of the “monetary revolution”.

⁸¹ Jane Guyer’s framework is a re-elaboration of Assemblage Theory and the “sibling” framework of the Actors Network Theory (ANT). At the same time, it is inspired by her debate with Michel Callon (see note 84, below). Guyer, *Legacies, Logics, Logistics*, 29. For a concise comparison between the two frameworks see Martin Müller, ‘Assemblages and Actor-Networks: Rethinking Socio-Material Power, Politics and Space: Assemblages and Actor-Networks’, *Geography Compass* 9, no. 1 (2015): 27–41. In particular, Assemblage Theory draws inspiration from the work by Gill Deleuze and Félix Guattari. Gilles Deleuze and Félix Guattari, *A Thousand Plateaus: Capitalism and Schizophrenia* (Minneapolis: University of Minnesota Press, 1987). Elsewhere, Deleuze gives a very general definition of “assemblage” (*agencement* in his words): “It is a multiplicity which is made up of many heterogeneous terms and which establishes liaisons, relations between them across ages, sexes and reigns – different natures. Thus, the assemblage’s only unity is that of co-functioning: it is a symbiosis, a ‘sympathy’. It is never filiations which are important but alliances, alloys; these are not successions, lines of descent, but contagions, epidemics, the wind”. As cited in Müller, ‘Assemblages and Actor-Networks’, 28. However, a more complete systematisation of the Assemblage Theory framework is realised by Manuel De Landa, especially in *A New Philosophy of Society. Assemblage Theory and Social Complexity* (London: Bloomsbury, 2006). On the relationship between Assemblage Theory and History, see Manuel De Landa, *A Thousand Years of Nonlinear History* (New York: Zone Books, 2019).

⁸² Guyer, *Legacies, Logics, Logistics*, 33.

⁸³ *Ibid.*, 23.

⁸⁴ *Ibid.*, 5.

⁸⁵ Another term that is used to describe the elements that compose an economic or a financial assemblage is “device” (e.g. “market device”), as used by Michel Callon, Yuval Illo and Fabian Muniesa, *Market Devices* (Malden, MA: Blackwell, 2008).

Although the chronological limits of most of the archival sources used in this research go from the Italian occupation of Massawa (1885) to the end of the currency exchange monopoly of the Bank of Italy in Eritrea after the First World War (1921), this thesis has a thematic structure which requires a different periodisation for each chapter.

In the first chapter, I will give a brief overview of the monetary reforms of the Italian colony of Eritrea and the bordering areas during the time of Italian occupation. This overview serves as a guide for the subsequent discussion of the processes and discourses that contributed to the construction of a “colonial knowledge” regarding the monetary system of Eritrea. In order to do so, colonial reports and publications will be analysed, stressing their differences and their connections to ideas and models circulating among European colonial powers. This approach will be useful in showing the processes at work in the design of new currencies and new policies for the colonies. This will also help us to understand some of the reasons for their failure, and the political reasons that inspired the Italian attempts in the first place. The “assemblage theory” approach will illuminate the compositional and processual nature of the building of the colonial monetary system, by analysing the single elements that constitute it: in this case, discourses, ideas, and even the engraving on the coins.

In the second chapter I will investigate the impact of colonial currencies in Eritrea through another perspective: that of the indigenous soldiers, the *ascaris*, that were also the first colonial subjects to be paid by the Italian colonial government. Given the social and economic relevance of military recruitment in Eritrea during the Italian colonial period, I will present an overview (not exhaustive, however) of the state of the art of research about military labour in the African colonies. This will be helpful in better contextualising the Eritrean case in the frame of European colonialism in Africa.

After discussing the configurations of military labour relations preceding the arrival of the Italians, I will focus on the Italian approaches to incentivise enrolment in the colonial army and the reasons that motivated some Eritreans to do so. Then, the discourses and prejudices behind the introduction of the first limited measures of “social welfare” will be analysed. Finally, through the personal experience of the *ascaris* that were captured and mutilated in ‘Adwa, I will look at the manner in which they managed their wages, as well as the modalities in which they exploited the colonial wage

and subsidy system to store wealth according to local regimes of value. This will be made possible through the analysis of the correspondence between the veterans and the colonial administration.

Finally, in the third chapter I will describe how local credit instruments were integrated before the opening of the first bank branch in Eritrea. An overview of the long history of calls for the opening of the bank and associated feasibility studies will be given, with an inspection of the opening of the first bank in Ethiopia. The opening of the first bank branch in Eritrea offered the colonial government new tools to attempt the control of the monetary system, especially when (during the First World War) the scarcity of currency heavily impaired the functioning of inter-regional trade and produced social discontent. The new tools introduced by the opening of the *Gestione Telleri*, the office of the bank that had acquired a monopoly for the exchange of the Maria Theresa thaler, allow us to analyse the degree of integration of the local Eritrean economy into a broader transregional network. This will help us to understand the vital importance of “local” currencies (such as the Maria Theresa thaler) for the functioning of the system.

In this thesis, I will analyse the monetary system of Eritrea in a manner that goes beyond a mere chronological analysis of the most important milestones of the colonial monetary policies. I will focus on single aspects that are intimately related to money and the transitions that were ongoing in Eritrean society under colonial rule. This will allow the study to produce a multifaceted description of the monetary system, of colonial policies, of their impacts and consequences, and of the modalities in which colonial subjects confronted them. I am aware that this approach will not render a complete representation of the monetary history of Eritrea during Italian colonial period. It will, however, avoid underestimating the complexities at work. At the same time, the elements of the system that will be analysed can instead be described in a processual perspective, rather than as fixed components of the assemblage. In the scope of this approach, money will represent the form of “energy” that “powers” the assemblage.⁸⁶

⁸⁶ Guyer, *Legacies, Logics, Logistics*, 5.

Sources

The bulk of the sources collected during my research and employed in this thesis are those held at the *Archivio Storico Diplomatico del Ministero degli Affari Esteri* (ASDMAE) in Rome. Among the collections of the ASDMAE, I particularly focus on the documents of the *Archivio Eritrea* (AE) and the *Archivio Storico del Ministero dell'Africa Italiana* (ASMAI). The history of these collections is a troubled one. While the ASMAI collection reunites the documents produced by the Ministry of Foreign Affairs and the Ministry of Italian Africa during the entire period of Italian colonisation in Africa, the AE collection contains the documents of the local archives of the Italian colony of Eritrea. Both archives have had a long history of relocations and alteration, mainly due to the events of the Second World War. However, the *Archivio Eritrea* is the one that went through the longest series of vicissitudes. The original collection was first altered during the British occupation of Asmara (from 1 April 1941). Then, after a decade, the documents were shipped to Italy in 48 boxes, unordered, and consigned to the “Comitato per la documentazione dell’opera Italiana in Africa”, who monopolised access to the archive for years.⁸⁷ Unfortunately, during those years, a portion of the documents were again moved from their original location. Nevertheless, this collection remains one of the richest sources of information consulted for this study. While the documents I analysed from the ASMAI collection consist of correspondence between the central government and the ministries responsible for the administration of the colony, the *Archivio Eritrea* contains the communications between various local offices in Eritrea. Apart from the official correspondence, a useful source of data for my thesis is represented by the reports that the regional commissioners were asked to send to the governors, in reply to their enquires on various urgent matters. The importance of these reports for the history of Eritrea has been stressed, for example, by Massimo Zaccaria in his introduction to the report compiled by Teobaldo Folchi about the administrative region of Massawa,⁸⁸ or in the study by

⁸⁷ For information on the archives, see the foreword to the inventories written by Enrico Serra, available on the archive’s website: <https://www.esteri.it/mae/it/servizi/uapsds/storico_diplom/inventarionline.html> accessed on 30 March 2021. The inventories themselves were curated by Mario Gazzini. See Tiziana Gazzini, *Ricordo di Mario Gazzini (1910-1997)* (Rome: Futurgrafica, 2003).

⁸⁸ Massimo Zaccaria, *Le note del commissario Teobaldo Folchi e i cenni storico amministrativi sul commissariato di Massaua* (Milan: Franco Angeli, 2009), 9–79.

Barbara Sòrgoni on Alberto Pollera.⁸⁹ In writing this dissertation, these kinds of reports have been useful in understanding the impact of the colony of the monetary policies employed during the First World War on smaller administrative units. Living at the “periphery” of the colony, the commissioners were at the forefront of the colonial administration and could collect first-hand information from the territories they were administering, from a perspective closer to the ground. The importance of these sources has been stressed by Irma Taddia on the occasion of discovering the last of these colonial “regional” archives left in Eritrea.⁹⁰

The problem of these sources lies in the absence of the voice of the colonial subjects. Most of the time, their voice is mediated by one of the interpreters that worked for the colonial administration. Given the asymmetries of power at play in the relationship between the administrators and colonial subjects, these documents need to be critically analysed. This is particularly true when the African voice is “transcribed” in the proceedings of trials and investigations.⁹¹ An exception is represented by the group of letters analysed in the second chapter, where I was able to reconstruct the way in which Eritrean veterans were managing their subsidies from their very own words. The letters compose a group of pleas written by the former soldiers themselves to ask the colonial government for subsidies or to apply for a job. Massimo Zaccaria shows how the practice of writing letters started spreading among the soldiers during the campaign in Libya.⁹² The presence of recurring expressions

⁸⁹ Barbara Sòrgoni, *Etnografia e colonialismo: l'Eritrea e l'Etiopia di Alberto Pollera (1873-1939)* (Torino: Bollati Boringhieri, 2001).

⁹⁰ Irma Taddia, ‘The Regional Archive at Addi Qäyyeh, Eritrea’, *History in Africa* 25 (1998): 423–25. A partial survey of the documents about the colonial troops held in this archive can be found in Alessandro Volterra, ‘Le carte militari coloniali italiane conservate nell’archivio eritreo di Mendefera’, *Bollettino dell’Archivio dell’Ufficio Storico* 12, no. 23–24 (2012): 7–19.

⁹¹ The debate on the validity of the proceedings of trials as historical source is ample and long-standing. While some scholars, such as the postmodernist anthropologists, stressed the “politics of domination” at play in the trials, others, like Carlo Ginzburg, stated that the role of deforming intermediaries should not be overemphasised: “the fact that a source is not ‘objective’ does not mean that it is unusable”. See Renato Rosaldo, ‘From the Door of His Tent: The Fieldworker and the Inquisitor’, in *Writing Culture*, ed. James Clifford and George E. Marcus (Berkeley and Los Angeles, California: University of California Press, 1986), 79; Carlo Ginzburg, *Il formaggio e i vermi: il cosmo di un mugnaio del '500* (Turin: Einaudi, 1988), xv–xvi.

⁹² Massimo Zaccaria, *Anch’io per la tua bandiera: Il V battaglione ascari in missione sul fronte libico (1912)*, 1 (Ravenna: Giorgio Pozzi editore, 2012); Massimo Zaccaria, ‘Writing Letters from the Libyan Front’, in *Themes in Modern African History and Culture: Festschrift for Tekeste Negash*, edited by Lars Berge and Irma Taddia (Padova: libreriauniversitaria.it, 2013).

in those letters suggest that, at least among some sections of the society, letter writing was becoming a widespread practice from the first decade of the twentieth century.⁹³

The location of the ASDMAE collection allowed me to conveniently visit the library of the Ministry of Foreign Affairs. Here can be found the *Fondo Eritrea*, which is the collection once held at the library of Asmara during the Italian colonial period. In this collection it is possible to find some extremely rare official publications that give insights on the commercial environment of the colony. Among these publications I found also the essay that Pollera wrote while working as commercial agent in 'Adwa, providing a description of the commercial network of the Təgray, its relation with Eritrea, and the fundamental role of the Maria Theresa thaler.

Another valuable and under-exploited source is the *Archivio Storico della Banca d'Italia* (ASBI) in Rome. This archive contains official documents, reports, financial statements, and correspondence covering two centuries of the history of the Bank of Italy. From this collection I consulted the section relevant to the colonial branches, and, amongst these documents, those of the *Gestione Talleri* offer a new perspective on the circulation of the Maria Theresa thaler (and later, the *tallero d'Italia*) in Eritrea, Ethiopia, and the Red Sea region, through qualitative and quantitative data.

I also consulted other archives that allowed for the cross-checking of data and broadening of perspective, such as the *Archivio Centrale dello Stato* (ACS) in Rome, the documents of the Foreign Office (FO) held at the National Archives in London (NA), the India Office Record (IOR) section of the British Library (BL) in London, the *Archivio di Stato* of Trieste (AS-TS), and *Archivio dell'Ufficio Storico dello Stato Maggiore della Marina Militare* (AUSSMM) in Rome.

In January 2019 I spent some time in Eritrea with the aim of organising a longer and more structured research period during the last year of my PhD programme. Unfortunately, the global Covid-19 pandemic has made this impossible.⁹⁴ During my brief time in Eritrea, I had the opportunity

⁹³ Irma Taddia has pointed toward the presence of substantial but scattered private correspondence in Italian colonial archives: Irma Taddia, 'Correspondence as a New Source for African History', *Cahiers d'études Africaines* 40, no. 157 (2000): 109–34.

⁹⁴ The Covid-19 pandemic has also had an impact on access to the archive sources in Italy during the final year of research. Some of the aspects considered by the early research project that still need to be further investigated will be listed in the Conclusion to this thesis.

to meet the archive director and staff, verify the content of these archives, and collect an initial batch of data. In particular, I visited the archive of the Research and Documentation Centre (RDC) in Asmara and the library of the Pavoni Centre. The RDC is the government office responsible for the preservation of Eritrean archival heritage. At the RDC, I could personally verify the presence of documents related to the Italian colonial period. Among the collections of reports and correspondence by different colonial offices and administrative units, the “Fondo Notarile” (Notarial Fund) is very useful in assessing the wealth of some of the most active individuals in the colony, and tracking the movement of capital and assets. The Pavoni Centre holds the biggest library in Asmara, where I could consult a rich catalogue of publications and newspapers from the Italian colonial period.⁹⁵

Colonial publications have been also consulted at the library of the *Istituto Italiano per l’Africa e l’Oriente* (IsIAO), at the *Biblioteca Nazionale Centrale* in Rome, and at the private library *Biblioteca-Archivio Africana* of Giancarlo Stella in Fusignano (Ravenna, Italy). For the completion of the first chapter, the study of published colonial sources has been fundamental. They not only represent a unique source of information on the monetary history of the colony of Eritrea. In fact, by reading these documents “along the grain”, as is suggested by Ann Laura Stoler, it is possible to transform these documents from means to objects of analysis.⁹⁶

Finally, a valuable source is also represented by the official bulletins (such as the *Bullettino Ufficiale della Colonia Eritrea*, or BUCE) together with Italian newspapers and periodicals of the time.

⁹⁵ Other important sources for the colonial period in Eritrea are the archives of the Municipality and that of the High Court in Asmara, whose potential have been illustrated by both Francesca Locatelli and Alessandro Volterra. Francesca Locatelli, ‘The Archives of the Municipality and the High Court of Asmara, Eritrea: Discovering the Eritrea “Hidden from History”’, *History in Africa* 31 (2004): 469–78; Alessandro Volterra, ‘La giustizia coloniale in Eritrea tra diritto comune e diritto consuetudinario’, *Africa: Rivista trimestrale di studi e documentazione dell’Istituto Italiano per l’Africa e l’Oriente* 63, no. 1 (2008), 93-95.

⁹⁶ Ann Laura Stoler, *Along the Archival Grain: Thinking through Colonial Ontologies* (Princeton and Woodstock: Princeton University Press, 2008).

Orthographical note and translations

For Amharic and Tegrēñña terms, I used the indications of the *Encyclopaedia Aethiopica*.⁹⁷ For the Turkish and Arabic terms, I have followed the *Encyclopaedia of Islam*.⁹⁸ For popular place names, like “Asmara” and “Massawa”, I have used the common form. When reporting names of people and places from colonial sources I kept the orthography I found in the documents. All the translations from the Italian sources are made by the author.

⁹⁷ Siegbert Uhlig and Baye Yimam, eds., *Encyclopaedia Aethiopica* (Wiesbaden: Harrassowitz, 2010).

⁹⁸ Peri J. Bearman, ed., *Encyclopaedia of Islam* (Leiden: Brill, 2012).

Chapter 1

The currency problem in the Italian Colony of Eritrea: The Maria Theresa thaler in colonial sources (1857 – 1941)

1.1 Introduction: Monetary systems and the construction of “colonial knowledge”

The Italians began facing the broad success of the Maria Theresa thaler (MTT) in the Red Sea region before their actual occupation of the first strip of land in Africa. Italian colonialism took its first steps in East Africa in 1869 with a 6,000 MTT contract agreed between the agent Giuseppe Sapeto and the two brothers Ibrahim and Hassan ben Ahmad. This contract was for the transfer of the ‘Asäb bay to the Italian agent, in the wake of the growing European interest in the region sparked by the prospected opening of the Suez Canal.¹ The opening of the new waterway produced a steep increase in trade volume in the Red Sea, which was further accelerated by the introduction of steam navigation.² The use of MTT in the region has been reported since the second half of the eighteenth century.³

The imbalance of trade, with the prevalence of imports, aided its diffusion, and at the time of the Napier expedition, the Ethiopian market was flooded with Maria Theresa thalers.⁴

Towards the end of the 19th century, the silver thaler became the most employed metal coin in the Horn of Africa and the port towns on both shores of the Red Sea.⁵ Before the colonisation of the area, the Italians were aware of the success of this coin in the Red Sea and the Ethiopian plateau, as reported by explorers and missionaries that had visited the region since the first half of the century. For example, in 1857, Giuseppe Sapeto, then a missionary sent by *Propaganda Fide*, gave some

¹ Angelo Del Boca, *Gli italiani in Africa orientale: dall'unità alla marcia su Roma* (Rome and Bari: Laterza, 1992), 38.

² Jonathan Miran, *Red Sea Citizens: Cosmopolitan Society and Cultural Change in Massawa* (Bloomington and Indianapolis: Indiana University Press, 2009), 4; Jonathan Miran, ‘The Red Sea’, in *Oceanic Histories*, Cambridge Oceanic Histories (Cambridge: Cambridge University Press, 2018), 160.

³ See the next section for more details on the history of the Maria Theresa thaler.

⁴ Richard Pankhurst, ‘The Advent of the Maria Theresa Dollar in Ethiopia, Its Effect on Taxation and Wealth Accumulation and Other Economic, Political and Cultural Implications.’, *Northeast African Studies* 1, no. 3 (1979): 20–21; Richard Pankhurst, *Economic History of Ethiopia, 1800-1935*, 1st edition (Addis Ababa: Haile Sellassie University Press, 1968), 469. The British expedition in Ethiopia against Emperor Téwodros, led by Sir Robert Napier, occurred in 1867-1868, as a retaliation against the imprisonment of British envoys. See Pankhurst, 11–16.

⁵ Pankhurst, ‘The Advent of the Maria Theresa Dollar in Ethiopia’.

information on the thalers to “those who might have the crazy idea [*ghiribizzo*] to wander in those countries for the sake of science”. He suggested bringing a little cash in the form of Maria Theresa thalers. He also advised travellers to check that each coin had seven dots embossed on the head’s crown, that the extremities of the Empress’s brooch were well in line and visible, and that the two initials, “S.” and “F.” were legible beneath her bust. If the coin did not match this description, the value of the money was null, and it would not be locally accepted.⁶

What the Italians did not know at the time were the intricacies and specificities of the Maria Theresa thaler circulation, and the various reasons why the people of the region preferred this currency. In order to understand the circulation of the MTT, various colonial reports and studies focused on the Austrian coin, starting from the occupation of Massawa in 1885. In the first years of the occupation, the monetary question was dealt with briefly in commercial reports. The few paragraphs dealing with the thaler hastily attributed its success to the degree of cultural “evolution” of the people using it. The reports explained the success of the MTT as a combination of the attractiveness of its silver content and the inability of people to understand the operation of a fiduciary currency. Later on, and before the First World War, the issue of the MTT started to be addressed in a different way, and in the general framework of what started to be defined as the “Maria Theresa thaler problem”. Concern about the silver currency shifted from a commercial problem to a political one. The political perspective of these studies became even more evident at the end of the First World War, and remained a central issue until the Italian defeat in East Africa in 1941. The issue that was most debated in these publications was the correct strategy to adopt so as to replace the Austrian thaler with a coin issued by the Italian government.

The literature on the epistemological tools developed by European administrators operating in colonial contexts is wide. The classic essay by Edward Said, entitled ‘Orientalism’,⁷ laid the foundations for an interpretation of colonial knowledge as a tool for colonial domination, through the

⁶ Giuseppe Sapeto, *Viaggio e missione cattolica fra i mensa, i bogos e gli habab. Con un cenno geografico e storico dell’Abissinia* (Rome: Propaganda Fide, 1857), 348.

⁷ Edward W Said, *Orientalism* (New York: Pantheon Books, 1978).

misrepresentation of the “other”. One of the many consequences of Said’s study was the downgrading of colonial documents from trustable sources to falsified representations of the colonised, largely composed to suit the Europeans and their imperialistic projects. This process produced what Sherry Ortner⁸ describes as a “crisis of representation”, a crisis that has characterised postcolonial studies since Said’s work. Colonial documents were considered useless for understanding indigenous societies, and this impoverished analyses, limiting interpretation to a “thin” representation of domination and resistance. Following the publication of Said’s essay, some studies revalued the critical use of colonial documents by historians.⁹ For example, Ann Stoler¹⁰ suggests swapping perspective, transforming the “archive” from a means to an object of ethnographical analysis. According to her, this process allows the highlighting of differences and conflicts inside the colonial society, and, especially, among the colonisers. This approach allows for dismantling the idea of colonialism as “a structure imposed on local practice”.¹¹ At the same time, it emphasises that “colonial cultures were never direct translations of European society planted in the colonies”, but rather new cultural configurations.¹² Nevertheless, as we will see in this chapter, the relationship between the colony and the metropole is relevant, both in the co-construction of new epistemological categories and for the consequences that historical contingencies in Europe had on the social, political and economic condition of the colony. For this reason, the study of the tools and outcomes of colonial epistemological processes calls for a definition of “knowledge” which “implies [...] a transnational or a global web of connections and circulations”, not only encompassing the homeland and the colonies, but also different empires.¹³

The genealogies and implications of the constructions of knowledge, and the sciences in the colonies, have been the object of a growing body of literature.

⁸ Sherry B. Ortner, ‘Resistance and the Problem of Ethnographic Refusal’, *Comparative Studies in Society and History* 37, no. 1 (1995): 22.

⁹ Ricardo Roque and Kim A. Wagner, *Engaging Colonial Knowledge: Reading European Archives in World History* (Palgrave Macmillan, 2012).

¹⁰ Ann Laura Stoler, *Along the Archival Grain: Thinking through Colonial Ontologies* (Princeton, N.J.: Princeton University Press, 2008).

¹¹ Ann Laura Stoler, ‘Rethinking Colonial Categories: European Communities and the Boundaries of Rule’, *Comparative Studies in Society and History* 31, no. 1 (1989): 135.

¹² *Ibid.*, 136.

¹³ Roque and Wagner, *Engaging Colonial Knowledge*, 16.

George Basalla, with his diffusionist approach, was the first to bring attention to the use of science and knowledge in the colonies, defining “colonial science” as a moment of transition of European science to the non-European world.¹⁴ Overturning this representation, Richard Drayton underlines the role of “colonial science” in the forging of European empires,¹⁵ while David Turnbull highlights the role of “localness” in the production of “European science”.¹⁶ According to Turnbull, “the source of the power of [European] science [...] lies not in the nature of scientific knowledge but in its greater ability to move and apply the knowledge it produces beyond the site of its production”.¹⁷ Moreover, he employs the concept of “assemblage”, deriving it directly from Gilles Deleuze and Félix Guattari,¹⁸ to describe the construction of science as an “episteme with technologies added”, embracing a “wide variety of incompatible components” and describing “active and evolving practices rather than a passive and static structure”.¹⁹ Recalling the “assemblage” picture, David Wade Chambers and Richard Gillespie overcome the Eurocentric approach characterising their predecessors, focusing on what they call the “vectors of assemblage” that connect the “practices” of science and the “constructed social and physical environments”,²⁰ to the “polycentric communication networks [...] through which scientific knowledge and authority is produced, circulated, legitimated”.²¹

More recently, the role of “experts” in Africa was stressed in a special issue of the journal *History in Africa*. This special issue focussed not only on the production, but also “dissemination and

¹⁴ George Basalla, ‘The Spread of Western Science’, *Science* 15, no. 3775 (1967): 611–22.

¹⁵ Richard Drayton, ‘Knowledge and Empire’, in *The Oxford History of the British Empire*, edited by Peter Marshall J. and Elaine Low, vol. 2 (Oxford: Oxford University Press, 1998), 232–52.

¹⁶ David Turnbull, ‘Local Knowledge and Comparative Scientific Traditions’, *Knowledge and Policy* 6, no. 3 (1993): 29–54.

¹⁷ *Ibid.*, 48.

¹⁸ Gilles Deleuze and Félix Guattari, *A Thousand Plateaus: Capitalism and Schizophrenia* (Minneapolis: University of Minnesota Press, 1987), 90.

¹⁹ Turnbull, ‘Local Knowledge and Comparative Scientific Traditions’, 33.

²⁰ David Wade Chambers and Richard Gillespie, ‘Locality in the History of Science: Colonial Science, Technoscience, and Indigenous Knowledge’, *Osiris: Nature and Empire: Science and the Colonial Enterprise*, 14 (2000): 230. For an updated overview of the literature on colonial knowledge and colonial science in British colonies, see Brett M. Bennett and Joseph M. Hodge, *Science and Empire: Knowledge and Networks of Science across the British Empire, 1800-1970* (Basingstoke: Palgrave Macmillan, 2011), 3–29. On the French colonies see Michael A. Osborne, ‘Science and the French Empire’, *Isis* 96, no. 1 (2005): 80–87.

²¹ Bennett and Hodge, *Science and Empire*, 19.

reception” of “colonial knowledge”.²² The cases regarding German East Africa,²³ Gabon,²⁴ Nigeria,²⁵ Kenya,²⁶ and the Gold Coast²⁷ underline how, in colonial contexts, “expertise” was recognised by the degree to which it “fitted the expectations of the colonial state”,²⁸ while underestimating African intellectual authority.²⁹

Another special issue on “colonial science” addressed colonial “systematic knowledge” in a comparative way. The authors focus on “the reciprocal influence and the multidirectional flows of materials, knowledge, and people between multiple centres”.³⁰ The overviews on the French and British Empires show the differences between the French state-sponsored approach to “colonial science”, and that conducted by British scientific societies led by private interests.³¹

Focussing on the first attempt at a coordinated scientific effort in British Africa, with the realisation of the African Research Survey (described as “the most important intelligence-gathering project of the interwar period”³²), Helen Tilley analyses the influence of scientific expertise in the colonisation processes and at the impact of research in African colonial contexts on science itself, from the 1870s to the 1950s.³³ In her work, Tilley also emphasises the attempts made by European researchers to share knowledge and research efforts in Africa, so as to “standardize colonial policies” and “incorporate these territories into the international economy”.³⁴ At the same time, she highlights the complexity of colonial scientific enterprises by showing the existence of internal criticism and debate

²² Dmitri van den Bersselaar, ‘Acknowledging Knowledge: Dissemination and Reception of Expertise in Colonial Africa’, *History in Africa* 33 (2006): 389–93.

²³ Michael Pesek, ‘Cued Speeches: The Emergence of Shauri as Colonial Praxis in German East Africa, 1850–1903’, *History in Africa* 33 (2006): 395–412.

²⁴ John M. Cinnamon, ‘Missionary Expertise, Social Science, and the Uses of Ethnographic Knowledge in Colonial Gabon’, *History in Africa* 33 (2006): 413–32.

²⁵ Dmitri van den Bersselaar, ‘Missionary Knowledge and the State in Colonial Nigeria: On How G. T. Basden Became an Expert’, *History in Africa* 33 (2006): 433–50.

²⁶ Katherine Luongo, ‘If You Can’t Beat Them, Join Them: Government Cleansings of Witches and Mau Mau in 1950s Kenya’, *History in Africa* 33 (2006): 451–71.

²⁷ Michel R. Doortmont, ‘Producing a Received View of Gold Coast Elite Society? C.F. Hutchison’s Pen Pictures of Modern Africans and African Celebrities’, *History in Africa* 33 (2006): 473–93.

²⁸ Bersselaar, ‘Acknowledging Knowledge’, 390.

²⁹ *Ibid.*

³⁰ Londa Schiebinger, ‘Introduction’, *Isis* 96, no. 1 (2005): 53.

³¹ Mark Harrison, ‘Science and the British Empire’, *Isis* 96, no. 1 (1 March 2005): 56.

³² Helen Tilley, *Africa as a Living Laboratory: Empire, Development and the Problem of Scientific Knowledge, 1870–1950* (Chicago and London: University of Chicago Press, 2016), 71.

³³ *Ibid.*, 2–3.

³⁴ *Ibid.*, 4.

among the project's advisors themselves.³⁵ Conflict, complexity, and discrepancies inside colonial administrations in the process of building "colonial knowledge" are also underlined in the volume edited by Ricardo Roque and Kim Wagner,³⁶ as in the paper by Pauline von Hellermann about "colonial forest science" and local farming practices in Southern Nigeria.³⁷ Von Hellermann also underlines the existence of transnational networks of exchange of colonial knowledge, made up of journals and conferences.³⁸ Until the outbreak of the First World War, the *Institut Colonial International* (International Colonial Institute, ICI) in Brussels promoted the most important occasions for the exchange of colonial knowledge, during its biennial meetings.³⁹ As shown by Florian Wagner, these "manifestations of colonial internationalism" allowed colonial activists to meet and discuss colonial issues in a co-operative fashion, without abandoning their nationalistic or "lobby" interests.⁴⁰ As we will see in this chapter, the proceedings of these meetings were read by colonial ministries and administrators, providing material upon which to base the design of their policies.⁴¹

The construction of colonial knowledge during Italian colonialism has been the subject of a few studies. Massimo Zaccaria,⁴² in his introduction to the reports compiled by Major Teobaldo Folchi regarding the Massawa Region in 1898, stresses that the importance of the information in these colonial reports goes beyond the useful data about the people of the eastern Eritrean lowlands. The document represents "a valuable opportunity to retrace how Italian colonialism built its knowledge of the people it ruled"⁴³. Recently Zaccaria has further underlined the roles of Italian colonial agencies

³⁵ *Ibid.*, 4-5.

³⁶ Roque and Wagner, *Engaging Colonial Knowledge*, 23.

³⁷ Pauline von Hellermann, 'Reading Farm and Forest: Colonial Forest Science and Policy in Southern Nigeria', in *Engaging Colonial Knowledge: Reading European Archives in World History*, ed. Ricardo Roque and Kim A. Wagner (Palgrave Macmillan, 2012).

³⁸ *Ibid.*, 93.

³⁹ Ulrike Lindner, 'New Forms of Knowledge Exchange Between Imperial Powers: The Development of the Institut Colonial International (ICI) since the End of the Nineteenth Century', in *Imperial Cooperation and Transfer, 1870-1930: Empires and Encounters*, ed. Volker Barth and Roland Cvetkovski (London: Bloomsbury, 2015), 57-78.

⁴⁰ Florian Wagner, 'Private Colonialism and International Co-Operation in Europe, 1870-1914', in *Imperial Cooperation and Transfer, 1870-1930: Empires and Encounters*, ed. Volker Barth and Roland Cvetkovski (London: Bloomsbury, 2015), 80-81.

⁴¹ *Ibid.*, 89.

⁴² Massimo Zaccaria, *Le note del commissario Teobaldo Folchi e i cenni storico amministrativi sul commissariato di Massaua* (Milan: Franco Angeli, 2009).

⁴³ *Ibid.*, 9.

and institutions, founded in the homeland, in coordinating expertise and sharing information to be applied to enhance the productivity of the colonies. One such institution was the *Istituto Agricolo Coloniale Italiano* (the Italian Colonial Agricultural Institute), founded in 1904.⁴⁴ In the same article, the theme of building of a “colonial expertise” is linked to the mobility of low and high grade officers “carrying” their experience from one Italian colony to another, thus producing a representation of Italian colonialism as a “connected system”.⁴⁵ This study fits in a growing body of research problematising the place of Africa in global history by specifically looking at “practical mechanisms of connection and to precise trajectories of engagement”.⁴⁶

Gianni Dore⁴⁷ has dealt with colonial knowledge, which he defines “knowledge of the institution”, through the analysis of the case of the colonial officer Giovanni Ellero. Ellero worked as a commissioner in different regions of Italian East Africa between 1936 and 1941. Dore investigates the connection between the research activity carried out by one of the first professional Italian officers, and the influence this research had on the design of colonial policies. In a more recent volume, Dore has expanded his argument and relies on the writings of colonial administrators that worked among the Kunama people of Eritrea to highlight the role of knowledge in administration, and the processes of construction of a “knowledge of the institution”.⁴⁸

Barbara Sòrgoni⁴⁹ has contributed to the debate through the intellectual and personal biography of Alberto Pollera. Sòrgoni addresses the issue of the difference between the so-called “old colonials”, like Pollera, and the new colonial officers who had passed an open competitive exam to be appointed as residents or commissioners in the colonies.⁵⁰ The case of Alberto Pollera, who arrived in the colony

⁴⁴ Massimo Zaccaria, ‘Italian Colonialism in Africa as a Connected System: Institutions, Men and Colonial Troops’, *The Journal of Imperial and Commonwealth History* 47, no. 4 (2019): 723.

⁴⁵ *Ibid.*, 725–28.

⁴⁶ Miguel Bandeira Jerónimo and Damiano Matasci, ‘Imperialism, Internationalism and Globalisation in Twentieth Century Africa’, *The Journal of Imperial and Commonwealth History* 48, no. 5 (2020): 793–804.

⁴⁷ Gianni Dore, ‘Amministrare l’esotico. Un caso di etnologia applicata nell’Africa Orientale Italiana 1936–1941’, *Quaderni storici* 37, no. 109 (1) (2002): 189–220.

⁴⁸ Gianni Dore, *Amministrare l’esotico. L’etnografia pratica dei funzionari e dei missionari nell’Eritrea Coloniale* (Padua: Cleup, 2017).

⁴⁹ Barbara Sòrgoni, *Etnografia e colonialismo: l’Eritrea e l’Etiopia di Alberto Pollera (1873–1939)* (Torino: Bollati Boringhieri, 2001); Barbara Sòrgoni, ‘Diventare antropologo: Alberto Pollera e l’etnografia coloniale’, *Quaderni storici*, no. 1 (2002): 55–82.

⁵⁰ See Dore, ‘Amministrare l’esotico’.

in 1894, is particularly interesting in this sense; it clearly shows the importance of individual experience and of political contingencies in the production of knowledge, over a long span of time. His private life was also in many ways exceptional. He had three children with a woman from Axum named Unesc Araià Captè, and a further three children with the Tigrinyan woman Chidan Menelik. Pollera married Chidan Menelik when he was on the verge of death in 1938, despite the racial legislation in force in Eritrea since that same year. Before his marriage, he had legitimised his children, thus allowing them to acquire the Italian citizenship. This legitimisation process was completed before it became practically impossible due to the proclamation of a racial legislation in the colony in 1937.⁵¹ Sòrgoni uses the biography of this “ethnographer by chance” to discuss the relationship between colonisers and colonised.⁵² In fact, Alberto Pollera did not have a specific academic education, but nonetheless became a scholar in the field during his long administrative career.⁵³ He started by collecting data regarding indigenous common law, the property of land and the organisation of local societies and traditions, and produced more than one hundred articles and essays over a period of forty-five years. Sòrgoni’s intellectual biography of Pollera investigates “the discursive strategies” employed by colonial administrators to “control” colonial subjects and societies through the “essentialising description of the other”.⁵⁴

In line with this literature, which has focused on the relevance of the construction of colonial knowledge in the Italian colonies, this chapter will focus on some of the most significant studies and reports on the Maria Theresa thaler and the monetary problems of Eritrea. These reports have been both published and consulted by Italian colonial administrators from the second half of the 19th century, until the dismemberment of Italian East Africa in 1941. The analysis of these sources will serve several purposes. First, it will offer a layout of the most important monetary policies employed by colonial administrators in their attempt to shape the local monetary system, in order to guide the subsequent analysis in this and later chapters. It will give us a vantage point from which to examine

⁵¹ Sòrgoni, ‘Diventare antropologo’, 61–62.

⁵² Sòrgoni, *Etnografia e colonialismo*, 22.

⁵³ Sòrgoni, ‘Diventare antropologo’, 58.

⁵⁴ Sòrgoni, *Etnografia e colonialismo*, 227.

the monetary history of Eritrea, before we move on to the themes analysed in the next chapters. Second, it will provide a (partial) explanation of the reasons behind the failure of these policies. Finally, it will contribute to building a compositional representation of the colonial monetary system. To do this I will adopt Jane Guyer's framing of the concept of "assemblage" to investigate the processes of construction of a "colonial knowledge" about the monetary system of Eritrea, from the landing of the Italians in Massawa till the end of Italian East Africa as a political entity.⁵⁵ The story of the Italian attempts to replace the Maria Theresa thaler gives an excellent representation of the compositional nature of "colonial knowledge". The construction of a colonial monetary system is not the simple outcome of policies designed in Europe, nor of the initiatives of colonial officers. It is a process involving, among other things, the most popular theories of monetary policy, together with geopolitical factors, evolutionary prejudices, field observations, and the ambition of "aspiring colonial agents" together with the experience of the "old colonials".

Following Zaccaria⁵⁶ and Dore⁵⁷, I will retrace the different stages of the construction of "colonial knowledge" of the monetary practices of Eritrean societies, and the extent to which this informed the implementation of colonial monetary policies. To do so, I will adopt Stoler's suggestion in using colonial sources as the object (and the means) of my analysis.⁵⁸ This process will trace the genealogy of the ideas, how they were born, contested and transformed, with the final aim of establishing how they inspired and modified colonial policies.

By comparison of varied sources, this chapter will highlight the non-uniformity of the colonial

⁵⁵ Jane Guyer, *Legacies, Logics, Logistics: Essays in the Anthropology of the Platform Economy* (Chicago and London: University of Chicago Press, 2016), 6. Guyer makes use of the terms "compositions" and "compositional", referring to the process of "composition" of the elements that compose an economic system, defined as a "platform". She adapts the concept from the methodological approach of the "Actors Network Theory" (ANT), according to which the composition of different elements produces "assemblages". The Introduction of this thesis can be consulted for a presentation of the theoretical framework of "assemblage theory". The concept of "compositional thinking" is also employed in other research contexts, such as that of Denise Ferreira da Silva, who discusses the elements that contribute to constructing the contemporary concept of "race". According to Ferreira da Silva, "what happens is also a composition (or de-composition or re-composition), always already a reassembling of what has happened before and of what has yet to happen". See Denise Ferreira Da Silva, 'Fractal Thinking', *Accessions* 2 (2016), <<https://accessions.org/article2/fractal-thinking/>> accessed on 30 March 2021.

⁵⁶ Zaccaria, *Le note del commissario Teobaldo Folchi*.

⁵⁷ Dore, 'Amministrare l'esotico. Un caso di etnologia applicata nell'Africa Orientale Italiana 1936-1941'; Dore, *Amministrare l'esotico. L'etnografia pratica dei funzionari e dei missionari nell'Eritrea coloniale*.

⁵⁸ Stoler, *Along the Archival Grain*.

project. This is particularly relevant for the Italian colonial context, where different “colonial models” were experimented with, and different political and economic projects were implemented over time.⁵⁹ Finally, given that colonial knowledge is at the base of colonial policymaking, this analysis will help to explain the reasons behind the failure of Italian monetary policies in Eritrea. It is worth noting that Italian failures at building a colonial monetary system were at the origin of a growing body of literature produced on the theme. The discussions regarding these failures, and the subsequent proposals of new monetary policies, also represent valuable sources in finding an explanation for those failures, while gathering information about the financial and monetary landscape of the colony. The biographies of Italian administrators, and, especially, their education and personal background, have been considered by historians of Italian colonialism as extremely relevant in interpreting their political action.⁶⁰ In this chapter, I will not examine the biographies of all the authors of the reports and publications, as it is not always possible to find detailed information. However, where possible, I included that biographical information that is necessary for the scope of my analysis. Moreover, the “biography” of the documents themselves can sometimes be traced, as some of the essays had been compiled as colonial reports before being published.

After a brief account of the monetary reforms produced from the arrival of the Italians in Massawa to the end of Italian East Africa in 1941, I will analyse the scattered information that can be found in the documents of the administration and the publications concerned with the commercial opportunities offered by the recently occupied Italian territories, at the end of the nineteenth century. In the third section, I will introduce the report by Ercole Petazzi, which is the first colonial publication entirely dedicated to the monetary problems of Eritrea. In the fourth section I will present the first publication by an “expert”, Giovanni Carboneri, and his “virtual” dialogue with George de Lavelaye,

⁵⁹ Irma Taddia, *L'Eritrea-colonia, 1890-1952: paesaggi, strutture, uomini del colonialismo* (F. Angeli, 1986); Tekeste Negash, *Italian Colonialism in Eritrea, 1882-1941: Policies, Praxis, and Impact*, Acta Universitatis Upsaliensis. Studia Historica Upsaliensia (Uppsala: Uppsala University; Distributor, Almqvist & Wiksell, 1987); Gian Luca Podestà, *Il mito dell'Impero. Economia, politica e lavoro nelle colonie italiane dell'Africa orientale 1898-1941* (Torino: Giappichelli, 2004); Isabella Rosoni, *La Colonia Eritrea: la prima amministrazione coloniale italiana: (1880-1912)* (Macerata: EUM, 2006).

⁶⁰ Dore, ‘Amministrare l'esotico’ and *Amministrare l'esotico*; Zaccaria, *Le note del commissario Teobaldo Folchi*; Sòrgoni, *Etnografia e colonialismo* and ‘Diventare antropologo’.

as well as the results of the 1912 Brussels conference on the monetary systems of the colonies organised by the *Institut Colonial International*. Carlo Rossetti will be the final author analysed predating the First World War. After Amanto di Fausto's descriptions of the monetary "problems" of the interwar period, a report by the archaeologist Lucio Mariani will shed a light on the "back-end" process of the design of the new *Tallero d'Italia*. The last section will consider the three essays written by Alberto Pollera on the topic of the monetary circulation in Eritrea and Ethiopia, and will end with Francesco Saverio Caroselli's evolutionary "ladder" of the monetary systems.

Before moving on to the analysis of the process whereby "colonial knowledge" is constructed through the analysis of the discourses, I will briefly introduce the events that stimulated them as well as the results of the politics that have been "informed" by them. As mentioned above, this will help, on the one hand, to clarify the complicated series of monetary policies and failures that characterised the history of Eritrea and its bordering countries. Moreover, it will also contribute to a more complete representation of the colonial monetary assemblage.

1.2 The Maria Theresa thaler in the Red Sea region and the monetary reforms in Eritrea, Ethiopia and Somalia

It is not possible to trace the boundaries of the different currencies circulating in the Red Sea region at the end of the nineteenth century; and as we shall see, the multiple-currency system characterising the region continued to surpass colonial boundaries, as well. However, an overview of the different monetary reforms that the different political actors in the region tried to implement illustrates the extent and the intricacies of this system.

The complex monetary circulation of the Southern Red Sea region stood out to the Italians in 1885, when they landed in Massawa. The Maria Theresa thaler was widely used for inter-regional and international trade, and Egyptian piastres were employed in the payment of the irregular troops the

Italians inherited from the Egyptian garrison.⁶¹ At the same time Indian merchants traded in rupees. A number of different commodity currencies were exchanged along the coasts of the Red Sea, such as glass beads and cotton cloth, and in the interior of Ethiopia, such as the salt bars, called *amolé*.⁶² The Maria Theresa thaler was an $\frac{833}{1000}$ fine silver coin that had been minted since 1751, bearing the effigy of Empress Maria Theresa on the front and the bicephalous eagle, symbol of the Austro-Hungarian empire, on the back (See Figure 3). During the reign of Maria Theresa, this coin became particularly successful in trading with the eastern Mediterranean and Red Sea areas. Given its success, Josph II, the son of the Empress, decided to allow the continuation of its minting after his mother's death in 1780.⁶³



Figure 3. Maria Theresa thaler 1780. Author's personal collection.

⁶¹ The landing of the Italians in Massawa has been defined as “an act of British sub-imperialism”, as it was backed and authorised by the British, then fighting against the *Mahdī* in Sudan. Diplomatic agreements with the *Khedive*, at that time formally controlling Massawa, allowed the pacific occupation of the port town by the Italians. See Rosoni, *La Colonia Eritrea*, 37; Nicola Labanca, *Oltremare: storia dell'espansione coloniale italiana* (Bologna: Il mulino, 2007), 62. For more information on the parallel use of multiple currencies in Massawa, see Arnaldo Mauri, ‘Eritrea's Early Stages in Monetary and Banking Development’ (Rochester, NY: Social Science Research Network, 2003), 4–5. For the payment of the irregular troops in Egyptian piastres, see chapter 2, section 3. For an analysis of the consequences of a multiple-currency system in the colony before and during the First World War, see chapter 3.

⁶² Ennio Quirino Mario Alamanni, *La Colonia Eritrea e i suoi commerci* (Torino: Fratelli Bocca, 1891), 275, 705; Richard Pankhurst, “‘Primitive Money’ in Ethiopia”, *Journal de la Société des Africanistes* 32, no. 2 (1962): 213–48; Pankhurst, *Economic History of Ethiopia*, 460–68.

⁶³ Adrian E. Tschoegl, ‘Maria Theresa's Thaler: A Case of International Money’, *Eastern Economic Journal* 27, no. 4 (2001): 445.

At the time of the Italian occupation of Massawa, the most important trade goods were butter, hides and skins, pearls and mother of pearl, and coffee. Besides pearls and mother of pearl fished out of the Red Sea, most of the other goods had to be imported from Ethiopia and Sudan, and paid for with MTTs.⁶⁴ The primary destinations for these products were Aden and Trieste. In particular, rubber and resins, together with mother of pearl and coffee, were the most important products exported to Trieste.⁶⁵ It is worth noting that at the time Trieste was the main port of the Austrian Empire, and trade with eastern countries and the Red Sea was carried out using Maria Theresa thalers minted in Vienna. In the first period of Italian occupation, so as not to hinder local and regional trade, the Italians decided to not prohibit the circulation of the MTT. Moreover, the military administration continued to issue payments in MTT, in order to use the 1,000,000 MTT they had brought into Massawa to finance their occupation expenses.⁶⁶

Eric Helleiner identifies four reasons why imperial powers tried to introduce new currencies in their colonies. Two of these reasons have to do with the elimination of transaction costs, both externally (between the colonies and the homeland) and internally (domestic transaction costs). Further reasons include the control of macroeconomic factors allowing the control over the colony monetary supply, and the revenue derived from seigniorage. Finally, an important reason to introduce a newly issued currency for the colonies was the promotion of imperial ideology.⁶⁷ Most of these factors can be read in the pages describing the motivations of Italian officers and scholars for the introduction of a new colonial monetary system in Eritrea. In fact, ever since their arrival in Massawa, both the need to reduce transaction costs and ideological reasons motivated the Italians to introduce the lire into the new territories.⁶⁸ In the Italian case, there were two kinds of “transaction” cost related

⁶⁴ Pankhurst, *Economic History of Ethiopia*, 371.

⁶⁵ Data about commerce in this period is quite imprecise. Alamanni collected his data from the Chamber of Commerce of Trieste for the year 1887 – see Alamanni, *La Colonia Eritrea e i Suoi Commerci*, 219 and the Archivio Storico del Ministero degli Affari Esteri (ASDMAE), Archivio Eritrea (AE), ‘Industria e commerci 1885-1927, Relazioni commerciali tra Trieste e Massaua’, n.d. [probably 1887-1888].

⁶⁶ Carlo Rossetti, *Il regime monetario delle colonie italiane* (Rome: Tipografia dell’Unione Editrice, 1914), 23; Francesco Saverio Caroselli, ‘Politica monetaria coloniale. 1931’, in *Scritti Coloniali: dalla Conferenza di Parigi alla guerra dell’Asse* (Bologna: Cappelli Editore, 1941), 204–5.

⁶⁷ Eric Helleiner, ‘The Monetary Dimensions of Colonialism: Why Did Imperial Powers Create Currency Blocks?’, *Geopolitics* 7, no. 1 (2002): 5–30; Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective* (2018), 163–85.

⁶⁸ Caroselli, ‘Politica Monetaria Coloniale’, 204.

to the presence of a multiple currency system. First, there was the budgeting problem caused by dealing with multiple currencies. Expenses had to be registered in lire, even if the payments were issued in piastres or MTT. The official exchange rate had to be periodically fixed by the General Commander in Massawa, but the price on the market continued to fluctuate, exposing the system to speculation.⁶⁹ The second “transaction” cost was related to the time that elapsed between buying new MTTs, and the arrival of that money in the colony. Being the quotation of the MTT variable, the value at the moment of purchase was almost never the same as that at the moment of the issuing of the coin in Massawa. For example, in 1886, in a note sent by the Ministry of the Treasury to the Ministry of Foreign Affairs, it was reported that, as a consequence of a sudden rise in the quotation of the MTT, the Ministry of the Treasury bought 60,000 MTT at the price of 4.20 lire each in Bari, while the price fixed in Massawa was of 4.00 lire per thaler, resulting in a loss of almost 5 per cent.⁷⁰

However, the initial idea of introducing Italian lira in the colony was discarded. The first reason was related to the “symbolic value” of the national currency, underlined by Eric Helleiner as one of the reasons that restrained colonial powers in introducing a new currency to recently occupied territories.⁷¹ In fact, according to Caroselli, “concerns about indigenous politics suddenly developed, in order not to unsettle tradition, in order not to upset local people, by imposing with our dominion a different money”.⁷² Moreover, at that time the Italians were only controlling a strip of land around Massawa, and it would have been difficult to introduce the lira to the interior. Finally, the Italian monetary system was not stable enough to allow an expansion to the colonies.⁷³

In 1887, another attempt was made to solve these problems, by requesting from Austria the right to use the dies of the MTT held at the Venice and Milan mints (former mints of the Empire). This would allow the rapid minting of MTT. However, Vienna refused, on the basis that the silver coin, bearing the effigy of an Austrian Empress, was an expression of sovereignty which could not be

⁶⁹ Rossetti, *Il regime monetario delle colonie italiane*, 22. For more information on the use of Egyptian piastres in payments, see chapter 2, section 3.

⁷⁰ Archivio Storico Diplomatico del Ministero degli Affari Esteri (ASDMAE), Archivio Eritrea (AE), pacco 60, 1887, ‘Nota del Ministero del Tesoro’, 14 December 1886.

⁷¹ Helleiner, *The Making of National Money*, 182.

⁷² Caroselli, ‘Politica monetaria coloniale’, 204.

⁷³ Rossetti, *Il regime monetario delle colonie italiane*, 23.

ceded.⁷⁴

After the signing of the Treaty of Wəčale with Ethiopia, another attempt was made to build a colonial monetary system by introducing an Italian-minted coin. Article 4 of the Additional Convention of the Treaty, signed by *Ras Mäk^wännən* of Härär and the Italian Prime Minister Francesco Crispi on 1 October 1889,⁷⁵ declared that the

[...] Emperor of Ethiopia can issue for his States a special currency with a weight and a value to be arranged. It will be coined in the mints of the King of Italy, and it will be legal tender in the Italian territories too. If the King of Italy issues a currency for his African dominions, it will be legal tender in all the kingdoms of the Emperor of Ethiopia.⁷⁶

In the wake of this agreement, the *Regio decreto* no. 7049 of 10 August 1890 authorised the issuing of a new silver coin for the colony, along with its associated divisional coins.⁷⁷ The *tallero eritreo* (Eritrean thaler) was an $\frac{800}{1000}$ fine silver coin, based on the model of the MTT but with the effigy of the King of Italy, Umberto I, on the front and a single-headed eagle with a cross on the back, together with the indication of the face value in Amharic, Arabic and Latin types. Its value was not free to float like the MTT, but was instead fixed at 5 lire. Its divisional silver coins had values of $\frac{4}{10}$ (2 lire), $\frac{2}{10}$ (1 lire) and $\frac{1}{10}$ of an Eritrean thaler (0.50 cents of a lira) and were made with $\frac{835}{1000}$ fine silver. Finally, the issuing of bronze 10 and 5 cent coins was envisioned but never realised. Instead, Italian 10 and 5 cents of a lira coins were sent in the colony.⁷⁸

⁷⁴ Being formerly a part of Austro-Hungarian Empire, the mints of Milan and Venice still had the stamps for the casting of the Maria Theresa thaler; see Rossetti, *Il regime monetario delle colonie italiane*, 24–25. See also ASDMAE, ASMAI I, posizione 36 /18, ‘Varie sulla situazione - talleri Etiopia e rivendicazioni Austria, Regio Ministero degli Affari Esteri, Ufficio per l’Eritrea e i Protettorati, Coniazione di talleri di Maria Teresa nel Belgio, lettera all’ambasciatore a Vienna Conte Costantino Nigra’, 14 June 1896.

⁷⁵ Del Boca, *Gli italiani in Africa orientale*, 355–57.

⁷⁶ See article 4 of the ‘Convenzione Addizionale del Trattato di Ucciali’ in Beniamino Melli, *L’Eritrea dalle sue origini a tutto l’anno 1901: appunti cronistorici, con ... un’ appendice di note geografiche e statistiche e di cenni sul Benadir e sui viaggi d’esplorazione* (Milan: Hoepli, 1902).

⁷⁷ Rossetti, *Il regime monetario delle colonie italiane*, 27; ASDMAE, AE, pacco 98, ‘Decreto Reale n. 7049 relativo alla coniazione della nuova moneta, 29 settembre 1890’.

⁷⁸ Rossetti, *Il regime monetario delle colonie italiane*, 33.

Between 1891 and 1896, a total of 1,979,975 Eritrean thalers were issued,⁷⁹ but they made little impression and soon disappeared from circulation. According to most of the authors that will be introduced in this chapter, the principal reasons for the failure lay in the difference in silver content of the new thaler, compared to that of the MTT ($^{800}/_{1000}$ instead of $^{835}/_{1000}$), and the official value fixed for the new currency. The discrepancy between the silver content of the new coin (which was less than that of the MTT) and its official value provoked a disaffection to the new coin. Ercole Petazzi acknowledged the ability of indigenous jewellers to assay the silver content of the coins; the MTTs were the preferred source of silver used to create jewellery, which was one of the most widespread ways to store value in the region.⁸⁰ However, Alberto Pollera gave a more convincing explanation why the Eritrean thaler was rejected. According to Pollera, the difference in the content of silver between the two coins was not sufficient to explain the failure of the *tallero eritreo*. The real reason was in the large difference between the MTT quotation and the Eritrean thaler's official value of 5 lire. In fact, soon after the issuing of the new currency, the value of the MTT dropped to 2.05 lire. Eritreans then preferred to buy the MTT to store value, as it offered almost the same quantity of silver at a lower price.⁸¹ The reasoning behind assigning a 5 lire value to the new thaler was that Italy was part of the monetary union, where the 5 lire coin was interchangeable with the 5 franc and all the other coins of the union with the same nominal value.⁸² In more basic terms, fixing the value of the new thaler at 5 lire was an attempt to pave the way for the introduction of the monetary system of the homeland. Moreover, in that period, the MTT quotation on the market was 4.75 lire, and the Italians believed that the difference was going to disappear once the new coin became widespread in the region.⁸³ However, as we have seen, a drop in the international price of silver brought down the material value of the MTT.⁸⁴ This sudden drop was the consequence of a combination of various

⁷⁹ Direzione generale del Tesoro, Ministero delle Finanze, 'Relazione Della R. Zecca. 25 Esercizi Finanziari Dal 1° luglio 1914 al 30 Giugno 1939- XVII' (Roma: Istituto Poligrafico dello Stato, 1941), 64.

⁸⁰ Ercole Petazzi, 'Il problema monetario dell'Eritrea', *Rivista d'Africa* 1–2 (1911): 55.

⁸¹ Alberto Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea* (Tivoli: A. Chicca, 1926), 63–64.

⁸² Arnaldo Mauri, *Il mercato del credito in Etiopia*, Istituto di Economia Aziendale dell'Università Commerciale 'L. Bocconi' (Milan: Giuffrè, 1967), 139.

⁸³ Rossetti, *Il regime monetario delle colonie italiane*, 28.

⁸⁴ Pankhurst, *Economic History of Ethiopia*, 486.

global factors. The international price of silver had risen from 0.92 American dollars per ounce in 1889 to 1.21 American dollars per ounce in 1890, as a consequence of the sign of the Sherman Silver Purchase Act.⁸⁵ With this Act, the United States issued notes backed by the purchase of 4,500,000 ounces of silver per month. When the Act was repealed in 1893,⁸⁶ the price of silver began its decline, further pushed down by the halting of the free minting of silver by the Indian mints.⁸⁷ By 1898, the minting of new Eritrean thalers was stopped, and a portion of the coins were withdrawn from circulation and used to mint Italian national divisionary coins.⁸⁸ While 1,500,000 lire worth of Eritrean thalers was held by the Treasury of the colony, 6 million lire in Eritrean thalers and its subdivisions were still circulating in 1914.⁸⁹

In 1894, Mənilək's own attempt to replace the Maria Theresa thaler in Ethiopia had also failed, even though the new issue had the same fineness of the Maria Theresa thaler, thus confirming Pollera's hypothesis about the irrelevance of this feature in the failure of the Eritrean thaler.⁹⁰ His idea of issuing a new silver coin goes back to 1875, when he was still King of Šäwa. He ultimately abandoned the project, so as not to harm his relationship with the then-Emperor Yoḥannəs.⁹¹ After the relationship with Italy worsened as a consequence of disagreements regarding the Treaty of Wəčale, Emperor Mənilək went on with his project to issue his own coin, as envisaged by the Additional Convention, but without any further agreement with Italy.⁹²

Mənilək issued the first coins in 1894, but only in limited quantities (20,000 coins in 1894, and

⁸⁵ Dickson H Leavens, *Silver Money* (Bloomington, IN: Principia Press, 1939), 41.

⁸⁶ *Ibid.*, 43–44.

⁸⁷ On that occasion, the fixed exchange rate of 15 rupee per pound was established. See Leavens, *Silver Money*, 72.

⁸⁸ Giovanni Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, Tipografia Nazionale di G. Bertero e C. (Rome, 1912), 6.

⁸⁹ Rossetti, *Il regime monetario delle colonie italiane*, 32.

⁹⁰ ASDMAE, ASMAI I, 50/1, 'Circolazione Monetaria Etiopia' (1912).

⁹¹ Pankhurst, *Economic History of Ethiopia, 1800-1935*, 478.

⁹² In particular, according to Mənilək's chronicler, Gəbrä Šəllase, the monetary reform was one of the messages the Emperor sent to European governments to re-assert his refusal of Italian protection. At the same time, it was part of Mənilək's broader political project of centralisation and bureaucratisation of the Ethiopian "state".

The foundation of Addis Abäba was probably the most important symbol of the Emperor's intent. Other innovations had been 1) a tax reform in 1892; 2) the establishment of a postal system and telegraph lines; 3) the building of new roads and the concession for a railway connecting the new capital to Djibouti; and 4) the opening of the Bank of Abyssinia in 1905, long before the first bank branch opened in Eritrea. I will not further analyse the motivations and consequences of Mənilək's reformism here. Other works have specifically focussed on the Emperor's initiatives and their political significance. See for example Pankhurst, *Economic History of Ethiopia, 1800-1935*, 481. For an account of the opening of the Bank of Abyssinia, see section 3.2 in this thesis.

200 in 1896), and were coined in the Paris mint after an agreement was signed by the Emperor's French advisor Leon Chefneux.⁹³

The Mənilək dollar (called the *bərr*) was modelled on the MTT, only slightly heavier (28.075 grams instead of 28.0668 grams). The front of the coin bore the effigy of the Emperor, and the back a representation of the Lion of Judah carrying a flag.⁹⁴ The Mənilək dollar's value was left free to float at par with the MTT market value. The first issue included six coins of lower denomination: $\frac{1}{2}$ dollar, $\frac{1}{4}$ dollar and $\frac{1}{8}$ dollar silver coins, and $\frac{1}{16}$, $\frac{1}{32}$ and $\frac{1}{64}$ dollar copper coins.⁹⁵ However, later on, only the silver thaler and two small denomination coins were issued: a silver $\frac{1}{20}$ of a dollar piece called *gerš* (later valued $\frac{1}{16}$ dollar) and a copper cent of a thaler called *matoñña*.⁹⁶ A much bigger issue of currency was financed by the 10 million lire received from Italy as compensation after the battle of 'Adwa.⁹⁷ However, even Mənilək's dollar did not manage to supplant the MTT, especially in interregional commerce.

Only its smaller denominations had some success in Ethiopia, competing with other non-metallic currencies such as salt bars and bullets.⁹⁸ Between 1894 and 1911, 58 million MTT were minted, half of which probably reached Ethiopia, where only one third of a million of Mənilək's dollars were in circulation.⁹⁹

Mənilək had not been the only African ruler to attempt a monetary reform in the region at that time. Before him, the *Mahdī* had attempted to impose his own currency soon after the occupation of Khartūm in 1885, in order to assert his independence from Egypt.¹⁰⁰ Muḥammad Aḥmad, a Nubian

⁹³ Pankhurst, *Economic History of Ethiopia*, 481.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ *Ibid.*, 482.

⁹⁷ In 1897, a total of 417,550 silver dollars, 300,000 half dollars, 400,000 quarter dollars, 1 million $\frac{2}{20}$ of a dollar, and 500,000 brass dollars were issued. The indemnity also served to buy the minting machinery for the Addis Abäba mint that opened in 1903. However, the machinery proved to be inadequate in producing large quantities of Mənilək thalers. See Pankhurst, *Economic History of Ethiopia*, 483.

⁹⁸ In 1898, Emperor Mənilək attempted to "demonetise" bullets by buying the circulating bullets and issuing a fine of one thaler for every bullet used in transactions. Ḥaylā Šəllase later tried to regulate the exchange rates of the lower denomination coins that continued to appreciate in relation to Mənilək's dollars. See Pankhurst, *Economic History of Ethiopia*, 484, 491.

⁹⁹ *Ibid.*, 486.

¹⁰⁰ H. S. Job, 'The Coinage of the Mahdi and the Khalifa', *Sudan Notes and Records* 3, no. 3 (1920), 164.

religious scholar from the province of Dongola, had assumed the title of ‘Mahdī’, an Islamic messianic figure, in 1881, after he and his followers gained their first victories against the troops of the Egyptian administration.¹⁰¹ His first coins were struck by melting the coins looted during the war, held in the *Bayt al-Māl* (the Treasury) in *Ḳhartūm*, and consisted in a gold pound, a silver dollar coin, and a half dollar coin.¹⁰² Before the issuing of the new coins, the MTT was the currency used to trade with Ethiopia and the ports of Sawākin and Massawa, circulating side-by-side with Egyptian and British gold coins, the Turkish lira (locally known as the *Mejīdi* dollar), and other smaller-denomination coins.¹⁰³ Lacking any lower denominations for the *Mahdī* issue, cotton cloth called *dammūr* circulated among the population to be exchanged in smaller transactions.¹⁰⁴ However, the *Mahdī*’s coins were never accepted at face value, notwithstanding the penalties menaced by the issuer on those who refused to accept them.¹⁰⁵ After the *Mahdī*’s death, his officer and successor, *Khalīfa* ‘Abd Allāh, issued new coins from Omdurman. His treasurers convinced him to debase the coins, in order to earn revenues through seigniorage.¹⁰⁶ This proved to be detrimental, as the merchants started to fix the prices according to the different finesse of the coins that started circulating in the market.¹⁰⁷ As a consequence, the people’s trust in the mahdists’ coinage was already low when they were defeated in 1899, and the Egyptian pound became the legal tender.¹⁰⁸

In Italian Somalia, monetary reforms were slightly different from those employed in Eritrea, and had different outcomes. Somalia was also interested by the circulation of the MTT. However, it was

¹⁰¹ Peter M. Holt, *The Mahdist State in the Sudan: 1881-1898: A Study of Its Origins, Development and Overthrow* (Oxford: Clarendon Press, 1970), 50-58.

¹⁰² Job, ‘The Coinage of the Mahdi and the Khalifa’, 164–165.

¹⁰³ *Ibid.*, 164.

¹⁰⁴ *Ibid.*, 167.

¹⁰⁵ *Ibid.*

¹⁰⁶ *Ibid.*, 163, 172.

¹⁰⁷ *Ibid.*, 172.

¹⁰⁸ According to Steven Serels, the success of the Egyptian pound in Sudan was due to the subventions sent by the Egyptian Treasury in that currency every year, the presence of Egyptian troops that were paid in Egyptian pounds, and that of the Levantine traders in the area, who preferred that currency due to the strong commercial ties they maintained with Egypt. See Steven Serels, ‘The Circulation of Modern Currencies and the Impoverishment of the Red Sea World 1882-2010’, in *Currencies of the Indian Ocean World*, ed. Steven Serels and Gwyn Campbell (Palgrave Macmillan, 2019), 147–148.

more influenced by the trade networks of the Indian Ocean.¹⁰⁹ Hence, together with the MTT circulated the besa, a lower denomination coin originating from Zanzibar, Oman and Mombasa.¹¹⁰ When the Italian government officially took control of the Benadir colony in 1905, a lower denomination nickel coin was introduced, with a value of 25 besa or $\frac{1}{6}$ of an MTT (150 besa = 1 MTT). In addition, Italian cents were introduced, circulating with a value of 1 besa each.¹¹¹ In 1909, when all the Italian occupied territories were reunited in the Italian Somalia colony, new Italian besa was introduced, while the MTT was left free to circulate.¹¹² The previously circulating coins were withdrawn and 1, 2 and 4 besa bronze coins were issued.¹¹³ Finally, to align the Italian colony to the British system in force in Kenya and Uganda, the value of the besa was adjusted, and the ratio of besa to thaler was brought to 100 besa for 1 MTT.¹¹⁴ In order to further integrate the local economy into the Indian Ocean system, the Italians attempted to sign an agreement for the issuing of Italian rupees to also be accepted in British territories. When the British refused in 1910, the Italians went ahead and issued a 916.66 fine silver rupee of 100 besa value, with lower denominations of 1, $\frac{1}{2}$ and $\frac{1}{4}$ besa.¹¹⁵ The rupee was pegged to the pound sterling through the fixed exchange rate of the Indian rupee, at 15 rupee per pound. However, the 2.9 million rupees issued circulated only in the commercial towns frequented by Italians and Europeans, while the MTT was preferred elsewhere.¹¹⁶

At the outbreak of the First World War, both Eritrea and Somalia were affected by a major lack of currency, due to the halting of minting, the import of MTTs into Eritrea, the minting of Somali rupees in Italy, and to the skyrocketing price of silver.¹¹⁷

In Eritrea, the lack of MTT convinced the Italians to make another attempt in introducing a new silver coin in the colony. On 31 May 1918, the *tallero d'Italia*, a 0.835 silver coin of the same weight

¹⁰⁹ Karin Pallaver, 'Da moneta straniera a moneta nazionale: Prima Guerra Mondiale, politiche coloniali e circolazione monetaria in Eritrea e Somalia' (Pavia: La Prima Guerra Mondiale nelle colonie italiane, 2017), 114.

¹¹⁰ Rossetti, *Il regime monetario delle colonie italiane*, 45.

¹¹¹ *Ibid.*, 48.

¹¹² Pallaver, 'Da moneta straniera a moneta nazionale', 114.

¹¹³ Rossetti, *Il regime monetario delle colonie italiane*, 55; Pallaver, 'Da moneta straniera a moneta nazionale', 115.

¹¹⁴ Pallaver, 'Da moneta straniera a moneta nazionale', 115.

¹¹⁵ Rossetti, *Il regime monetario delle colonie italiane*, 57–61; Pallaver, 'Da moneta straniera a moneta nazionale', 115.

¹¹⁶ Pallaver, 'Da moneta straniera a moneta nazionale', 116.

¹¹⁷ *Ibid.* The consequences of the lack of MTT circulation in Eritrea will be analysed in chapter 3.

and diameter as the MTT, was issued as a “commodity currency” with a value left free to float.¹¹⁸ A new issue of lower-denomination coins in nickel started arriving in the colony, to take the place of the rapidly-disappearing older divisionary silver coins.¹¹⁹ The issuing of the *tallero d'Italia* was yet another failure, for two reasons. First, the scarce quantity of issued coins (510,000 pieces¹²⁰) could not respond to the high demand for silver in interregional commerce, and thus the MTT continued to be preferred because it was widely accepted. Second, the high demand for MTT made it appreciate in relation to the new *tallero d'Italia* coins which, containing a slightly higher quantity of silver, was soon demonetised and sold for its silver content.¹²¹

In Somalia, in order to deal with the rising price of silver and the appreciation of the rupee, the fixed exchange rate was suspended in 1919.¹²² Further to this, in both Somalia and Eritrea banknotes were introduced during the War to address the scarcity of currency. Despite these administrative efforts, paper money was only marginally accepted locally and not at all in interregional commerce.¹²³

Similar problems affected Ethiopia, where 280,000 thalers worth of paper money were issued in 1914, in notes of 500, 100, 10 and 5 dollars, but again the currency did not circulate widely.¹²⁴ A new issue of metal currency was repeated by Emperor Ḥaylā Śəllase in 1932, while a 2 dollar bill was issued in 1933. The strength of this banknote was that it was 100% guaranteed and could be freely exchanged for gold. This came in light of a monetary reform designed by the Emperor's financial advisor Everet Andrews Colson. This reform proposed pegging the value of the Ethiopian dollar to gold first and pound sterling later, when Britain left the gold standard in 1931. Finally, new dollar subdivisions were issued in 1933, namely 50, 25 and 10 cent coins in nickel and 5 and 1 cent coins in bronze. These coins, however, only ever saw widespread use in the towns.¹²⁵ The period of

¹¹⁸ A description of the decision-making around the *tallero d'Italia* will be introduced below. Lucio Mariani, *Il nuovo tallero italiano*, Tipografia dell'Unione Editrice (Rome, 1918), 37.

¹¹⁹ Pollera, *La vita commerciale etiopica e la circolazione monetaria eritrea*, 68.

¹²⁰ Ministero delle Finanze, 'Relazione della R. Zecca 25. Esercizi finanziari dal 1 luglio 1914 al 30 giugno 1939- xvii', 63. It is worth noting that, according to the most accurate census available (1905), there were 274,944 people in Eritrea. See Camera dei Deputati, *Relazione sulla Colonia Eritrea del R. Commissario Civile Deputato Ferdinando Martini per gli esercizi 1902-1907*, vol. 1 (Rome: Tip. della Camera dei Deputati, 1913). 43.

¹²¹ Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*, 72.

¹²² Pallaver, 'Da moneta straniera a moneta nazionale', 117.

¹²³ Pollera, *La vita commerciale etiopica e la circolazione monetaria eritrea*, 68.

¹²⁴ Pankhurst, *Economic History of Ethiopia*, 191.

¹²⁵ *Ibid.*, 493.

uncertainty that began with the Italian invasion of Ethiopia pushed people to convert their Ethiopian dollars into MTT, which were by then flooding Ethiopia in an Italian effort to destabilise the local economy and finance their military operations.¹²⁶ In fact, after the First World War, Italy had asked Austria three times for the right to coin its own MTT in Italian mints. The first request was on the occasion of the Paris Peace Conference, the second in 1922, as a form of war compensation, and the third, when a monopoly was acquired in 1935, just before the Italian invasion of Ethiopia.¹²⁷ This resulted in other European powers, such as Britain and France, minting their own MTT, considering the exclusive rights of Austria null and void.

Only with the foundation of Italian East Africa did the Italian lira become the only legal tender in the Empire.¹²⁸ This was also as a consequence of the growth of trade volume with the homeland. However, the MTT never completely disappeared, and circulated simultaneously with the lira.¹²⁹ In Somalia, a Somali lira was introduced in 1925.¹³⁰

I will now move on to the analysis of the studies concerned with the monetary policies that tried to shape the colonial monetary system.¹³¹ The analysis of these studies serves a double purpose. On the one hand, it helps us to understand the reasons behind the failure of Italian colonial monetary reforms. On the other hand, it will help to represent the complexity of the colonial monetary “assemblage”. This brief outline of the monetary reforms in Eritrea, Ethiopia and Somalia has offered

¹²⁶ *Ibid.*, 493–94.

¹²⁷ Caroselli, ‘Politica monetaria coloniale’, 210.

¹²⁸ See ‘Regio Decreto-legge 2 luglio 1936, n. 1371’ in *Gazzetta Ufficiale del Regno d’Italia*, no. 168 (1936).

¹²⁹ Caroselli, ‘Politica monetaria coloniale’, 224.

¹³⁰ Pallaver, ‘Da moneta straniera a moneta nazionale’, 118.

¹³¹ There were different dynamics, outcomes and interests associated with the British- and French-controlled territories in the region during this period. As we have seen above, from 1899 in the Anglo-Egyptian Sudan, the Egyptian pound (which was pegged to the British pound) became the official currency and spread successfully in most of the territory, relegating the use of the MTT to the borders and to inter-regional commerce. In the Côte Française des Somalis, the French were only controlling Djibouti and a thin strip of land surrounding the railroad to Addis Abāba that was completed in 1917. Hence, French francs were only successfully imposed in the port town of Djibouti. For an overview of the monetary reforms in the region, see Steven Serels, ‘The Circulation of Modern Currencies’, 141–164. The cases of Cyrenaica and Tripolitania are beyond the scope of the present study. Moreover, the introduction of the Italian monetary system there followed a slightly different pattern. Before the opening of the first branch of the *Banco di Roma* in Tripoli (1907), the Turkish authorities were attempting to replace the European currencies (included the Italian lira) already circulating there with Turkish money. See Luigi De Rosa, *Storia del Banco di Roma. Volume I* (Roma: Banco di Roma, 1982), p. 249. After the end of the Italo-Turkish War, the Italians started withdrawing the Ottoman lira from circulation (the deadline for the exchange of the Ottoman currency was extended until the 31 December 1914). As a consequence, according to the official sources the lira was already widely circulating when it was declared legal tender in Libya in 1922 (Regio decreto n.1131, 20 July 1922); Alberto Allegrini, ‘Monete Coloniali. Parte 3’, *Rivista Coloniale* 9, no. 11–12 (1924), 415–416.

a glimpse of the “external connectedness” (the impact of the price of silver and of environmental or financial international crises) and “internal heterogeneity” (the attempt to adapt monetary policies to local needs and the local responses to these policies) of the different monetary systems.¹³² The next section will further investigate on the internal differences between the various monetary problems in Eritrea, and yet their connectedness with widely circulating ideas and models. All these elements taken together contribute to the compositional nature of the colonial economic and financial system.

1.3 The Italians and the monetary problem in the colony of Italian Eritrea: The early years

Colonial publications have been widely referenced by recent studies on the Maria Theresa thaler and its role in the Italian colonies. Richard Pankhurst dealt with the Austrian coin in several works on the economic history of Eritrea and Ethiopia. He focused on its circulation together with other monetary forms, and its impact on the collection of tributes and wealth accumulation by Ethiopian chiefs.¹³³ Arnaldo Mauri wrote about the monetary history of the Italian colonies in his works about the history of banking in the Horn of Africa.¹³⁴ Adrian Tschoegl retraced the history of the Maria Theresa thaler and its diffusion, emphasising its “international” nature.¹³⁵ The illuminating paper by Akinobu Kuroda, concerned with the role of the Maria Theresa thaler in the economy of the Southern Red Sea, sheds light on its “buffer” function in a multiple currency system, allowing local markets to connect to international markets.¹³⁶

Between the foundation of the Italian colony of Eritrea in 1890 and the first decade of the 20th century, discussions regarding the monetary problems of the colony were relegated to colonial correspondence and reports, and no specific studies about the monetary circulation of Eritrea were

¹³² Guyer, *Legacies, Logics, Logistics*, 23.

¹³³ Pankhurst, “‘Primitive Money’ in Ethiopia”; Pankhurst, *Economic History of Ethiopia*; Pankhurst, ‘The Advent of the Maria Theresa Dollar in Ethiopia’. Richard Pankhurst, ‘The Maria Theresa Dollar in Pre-War Ethiopia’, *Journal of Ethiopian Studies* 1, no. 1 (1963): 8–26. Richard Pankhurst, ‘The Perpetuation of the Maria Theresa Dollar and Currency Problems in Italian-Occupied Ethiopia 1936-1941’, *Journal of Ethiopian Studies* 8, no. 2 (1970): 89–117.

¹³⁴ Arnaldo Mauri and Clara Caselli, ‘Moneta e Banca in Etiopia’ (Milan: Giuffrè, 1986); Mauri, ‘Eritrea’s Early Stages in Monetary and Banking Development’.

¹³⁵ Tschoegl, ‘Maria Theresa’s Thaler’.

¹³⁶ Akinobu Kuroda, ‘The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets’, *Financial History Review* 14, no. 1 (2007): 89–110.

published.¹³⁷

During the course of designing the *tallero eritreo*, there were various discussions between colonial officers, diplomatic agents and the Italian government about the need to make the new issue acceptable to local merchants and traders. On 30 September 1889, the lawyer and diplomat Giacinto Fossati-Reyneri wrote a letter to the Chief of the Africa Office of the Ministry of Foreign Affairs, Alberto Pisani Dossi, stating that the presence of the Christian cross on the back of the coin would have been “unpopular” with Muslim traders in the Red Sea area.¹³⁸ To support his argument, Fossati-Reyneri gave the example of Morocco, where he had been secretary of the Italian legation from 31 December 1878 to 27 June 1880,¹³⁹ and where Spanish dollars were favoured over the Italian *scudi*, which had a cross on the back.¹⁴⁰ However, his suggestion was not taken into account, perhaps because the design of the new coin had been already completed by the Italian Mint, and its imminent issue was already in the news. It must be mentioned that there is no recorded evidence that the engraved cross was the reason for the failure of the new thaler. The presence of the cross was not the only carefully discussed matter surrounding the issuing of the new currency. For instance, on the back of the Eritrean thaler and its lower denominations, the face value of the coin was also indicated in Amharic and Arabic. In October 1890, to assess the accuracy of the Amharic inscription on the $\frac{4}{10}$ of a thaler denomination, the Governor of the Colony, Antonio Gandolfi, consulted Father Jean-Baptiste Coulbeaux (a French missionary of the Congregation of the Mission) and Alex Svensson, (the director of the Swedish church mission). These two missionaries were considered “the most authoritative in the field”.¹⁴¹ Moreover, the scattered information about the discussions on the design of the coin show that the front of the Eritrean thaler was also carefully considered. In a letter sent by

¹³⁷ Some examples can be found in ASDMAE, Archivio Storico del Ministero dell’Africa Italiana I (ASMAI I) I, 22/1; see also the reports compiled by Ennio Quirino Alamanni, only partially published in 1891, ASDMAE, ASMAI I, 80/1.

¹³⁸ ASDMAE, ASMAI I, 22/1, ‘Circolazione monetaria 1885-1913’. Pisani-Dossi was also a renowned intellectual. A biographic profile of Pisani-Dossi can be found in Francesco Lioce, ‘Pisani-Dossi, Alberto Carlo’, *Dizionario Biografico degli Italiani*, 84 (2015), <https://www.treccani.it/enciclopedia/pisani-dossi-alberto-carlo_%28Dizionario-Biografico%29/> accessed on 30 March 2021.

¹³⁹ Giacinto Fossati Reyneri, in *Stati di Servizio, Annuario Diplomatico del Regno d’Italia per l’anno 1890*, Ministero degli Affari Esteri, 1890, p. 156.

¹⁴⁰ The Spanish dollars and the Italian *scudi* were used there because local silver coins of the same value were lacking. ASDMAE, ASMAI I, 22/1, ‘Circolazione monetaria 1885-1913’.

¹⁴¹ ASDMAE, ASMAI 22/1, ‘Circolazione monetaria 1885-1913, Circolazione monetaria tallero di Maria Teresa 1890, Lettera del Governatore della Colonia al Ministero del Tesoro, 17 November 1890’.

the director of the Treasury, Carlo Cantoni, to the Chief of the Africa Office of the Ministry of Foreign Affairs, Alberto Pisani Dossi, the face of the coin was discussed. This letter indicates that Cantoni preferred that the Iron Crown of the Kingdom of Italy was represented on the head of the King. A new picture of the King had been taken for the purpose of the engraving of the coin, without the crown. However, the picture was considered “anything but beautiful”. Nonetheless, the director of the Treasury did not believe that the crown would improve the final product. Moreover, the engraver of the mint, Filippo Speranza, had already finished his work on the coin, and could not be considered responsible for the final result, as he had simply followed the instructions he was given.¹⁴² Apparently, the engraver had to start all over again as the crown, in the end, was put on the head of the King (See Figure 4).



Figure 4. Tallero Eritreo, 1890, Classical Numismatic Group, Inc. <http://www.cngcoins.com>, CC BY-SA 2.5 <https://creativecommons.org/licenses/by-sa/2.5>, via Wikimedia Commons, accessed on 26 December 2020

As we have seen, in this phase of the monetary history of the colony, most of the information about the monetary system can be found in the papers, letters, and other documents of the colonial and central administration. The Maria Theresa thaler was only mentioned in some publicly accessible

¹⁴² ASDMAE, ASMAI I, 22/1, Circolazione monetaria 1885-1913, Circolazione Monetaria tallero di Maria Teresa, 1890, Lettera del Direttore generale del Tesoro al capo dell’Ufficio Africa del Ministero degli Affari Esteri, Rome, 28 September 1890.

publications in terms of the commercial opportunities it offered in the southern Red Sea region.¹⁴³

The most comprehensive published work on the trade of Eritrea and the southern Red Sea region was written by Ennio Quirino Alamanni.¹⁴⁴ The author had been a soldier in Massawa between 1887 and 1888, when he wrote a report about the commercial activities between Trieste and Massawa.¹⁴⁵ The report was the seed that would grow into his thorough work titled *La Colonia Eritrea e i suoi commerci* (1891).¹⁴⁶ This book is a collection of data regarding commerce in Massawa, ‘Asäb, the Somali region, some port towns of the Red Sea, Ethiopia and Härär. Together with the data regarding the movement of goods and the list of those commodities that could have been most easily sold in the region, there was also information about weather, geographical features, endemic diseases, and local customs. In the report preceding his publication, Alamanni dedicated a short note to the Austrian coin.

The African people have a special sympathy for this coin, but I could not say on what historical reasons it is based. The fact is that every year, more or less large quantities of Maria Theresa thalers are shipped to Africa that do not come back to Europe; they get lost over there, in the black continent, and are exchanged in trade by people we do not know well, or that we do not know at all. The senna [*Sennae folium*], the tortoiseshell, the mother-of-pearl, the coffee ecct. [sic], all the goods coming from Massaua and Abyssinia are negotiated on the basis of the thaler.¹⁴⁷

¹⁴³ Alamanni, *La Colonia Eritrea e i suoi commerci*; Renato Paoli, *Nella colonia Eritrea: studi e viaggi* (Milan: Fratelli Treves, 1908); Michele Checchi, *Pesi e misure in uso nella Colonia Eritrea* (Rome: Manuzio, 1910).

¹⁴⁴ Alamanni, *La Colonia Eritrea e i suoi commerci*.

¹⁴⁵ Biographical information about Ennio Quirino Alamanni is scarce. He was named in some of Gaetano Salvemini's articles in connection with a murky affair regarding some fake correspondence between Francesco Crispi, Gerhald Rohlf's and Manfredo Camperio, talking about some 1894-1895 Libyan issues, that Alamanni sent to editorial staff of the newspaper *La Ragione* in 1911. The following podcast includes more information about the role of Ennio Quirino Alamanni in this issue: WuMing 2, "Tripoli, suol del dolore. Ieri è oggi", Biblioteca Comunale di Rastignano, 17 March 2011, < <https://www.wumingfoundation.com/giap/2011/03/tripoli-suol-del-dolore-ieri-e-oggi/> > accessed 30 March 2021.

¹⁴⁶ In the foreword to his book, Alamanni states that, according to the data of the Trieste Chamber of Commerce, the products arriving from that harbour were Italian products, shipped as if they were Austrian. See Alamanni, *La Colonia Eritrea e i suoi commerci*, xv.

¹⁴⁷ ASDMAE, AE 27, 'Industria e commerci 1885-1927, Relazioni commerciali tra Trieste e Massaua', n.d. (probably 1887-1888). Alamanni's name does not appear in the report, but it is possible to attribute the report to him by comparing it with pages 214 to 230 in his book *La Colonia Eritrea e i suoi commerci*. However, here is not possible to find the note about the Maria Theresa thaler. See Alamanni, *La Colonia Eritrea e i suoi commerci*, 214-30.

In this note we can find all the elements which characterised later discussions about the Maria Theresa thaler. The reference to the “special sympathy” of African people for this coin anticipates the subsequent “cultural” explanations that will be adopted by other authors to justify the wide diffusion of the coin in the region. The thalers which “get lost over there” represent the scarce knowledge the Italians had of the circulation of these coins, and of the directions the thaler took in international trade. As will be discussed in the following pages, the studies that followed Alamanni’s report contained the same colonial tropes.

In his later volume, Alamanni devoted some scattered paragraphs to the monetary problem. In the section of the book focusing on Massawa,¹⁴⁸ he allocated two pages to units of measurement and circulating money. He did the same for Harär’,¹⁴⁹ Sudan,¹⁵⁰ Ethiopia,¹⁵¹ and the port towns of the Red Sea (see Table 2).¹⁵² Finally, he included a table with the conversion in lire of all the means of exchange and units of accounts circulating in the Red Sea region (see Table 3).¹⁵³

¹⁴⁸ *Ibid.*, 275.

¹⁴⁹ *Ibid.*, 449.

¹⁵⁰ *Ibid.*, 594.

¹⁵¹ *Ibid.*, 827.

¹⁵² *Ibid.*, 705.

¹⁵³ *Ibid.*, 872–75.

NATURA DELL'UNITÀ [KIND OF UNIT]	DENOMINAZIONE [NAME]	PAESE IN CUI SI USA [PLACE WHERE IT IS USED]	VALORE [VALUE]
Monete [Coins, money]	Guerch	Sulle due coste [On the two shores of the Red Sea]	1 piastra [1 piastre]
Id.	Sale [Salt bars]	Abissinia [Ethiopia]	45 a 60 -a tall. [45 to 60 per MTT]
Id.	Tele [Cotton cloths]	Litorale Abissinia [East shore of the Red Sea]	45 a 60 -a tall [45 to 60 per MTT]
Id.	Tabacco [Tobacco]	Id.	Id.
Pesi [Weight]	Kamlek	Sulle due coste [On the two shores of the Red Sea]	10 quintali [10 q]
Id.	Fanasle	Id.	20 rotoli
Id.	Uakia	Massaua-Suakim	32 rotoli
Id.	Rotolo	Sulle due coste [On the two shores of the Red Sea]	1 libra di 16 once [1 libre of 16 ounces]
Id.	Okiet	Id.	1 oncia [1 ounce]
Misure [other measures]	Medda	Abissinia [Ethiopia]	25 rotoli
Id.	Medana	Massaua	25 oggetti della medesima natura [25 objects of the same kind]

*Table 2: Units of measurement and currencies of the Red Sea. Source: Alamanni, La Colonia Eritrea e i suoi commerci, 704-5.*¹⁵⁴

¹⁵⁴ In the table, I have elected to report the Italian names used by Alamanni with the English translation in brackets. See *ibid.*, 704–5.

<i>MONETE [CURRENCIES]</i>	<i>L. [VALUE IN LIRE IN 1887-1888]</i>
Tallero di Maria Theresa [MTT]	5.50
Dollaro degli Stati Uniti (America) [US dollar]	5.50
Rupia dell'India [Indian rupee]	2.50
Moneta di rame, pesa dell'India [besa]	0.04166
Quadruple d'oro di Spagna [Eight escudo coin]	82.50
Sovrane inglesi [British sovereign]	25.00
Pezze da 5 franchi [5 franc pieces]	5.00
Napoleoni [Napoléon]	20.00

Table 3: Money used on the East African coast. Source: Alamanni, Ennio Quirino Mario. *La Colonia Eritrea e i suoi commerci*. Torino: Fratelli Bocca, 1891:872.¹⁵⁵

The first failed attempts to introduce a colonial monetary system provide us with an opportunity to analyse both the financial and economic conditions of the colony, as well as the process of construction of a “colonial knowledge” on the monetary systems for solving the monetary problems themselves. From the 1910s, different reports began to appear, analysing what we can call the “thaler problem”.¹⁵⁶

The first essay on this matter was published by the colonial officer Ercole Petazzi in 1911.¹⁵⁷

¹⁵⁵ In this table I have again elected to report the Italian names used by Alamanni, with the English translation in brackets. See *ibid.*, 872.

¹⁵⁶ The “thaler problem” is the translation of the title of the last of Alberto Pollera’s articles on the issue. However, the term “problem” appears in almost all the publications that I have analysed here: from Petazzi’s “Monetary Problem of Eritrea”, to Carboneri’s “Monetary Problem”. Even Amanto di Fausto’s considerations about monetary circulation in Eritrea, as we will see, will be included in the collection of “Problems of the Postwar Period” published by the Ministry of the Colony in 1918. See Alberto Pollera, ‘Il problema del tallero’, *La Rassegna Italiana* 236 (1938): 65–69; Petazzi, ‘Il problema monetario dell’Eritrea’; Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*; Amanto Di Fausto, ‘Relazione n. 13. Sistema Monetario’, in *Problemi del dopoguerra. Relazione del Governo dell’Eritrea* (Tipografia nazionale Bertero, 1918).

¹⁵⁷ Even on the occasion of the first *Congresso Coloniale* (Colonial Congress), held in Asmara in 1905, the monetary problem did not represent the main topic of any session. The Congress was held in Asmara from 25 September to 14 October 1905. It was promoted during the 4th Congress of the Italian Geographical Society in 1901 and organised by Carlo Rossetti. About 200 people took part in the Congress, most of them being colonial officers, agents and entrepreneurs living in Eritrea. The only speaker to briefly address the monetary matter in his presentation was Eteocle Cagnassi: while advocating the opening of a bank in Eritrea, Cagnassi also debated the opportunity for a colonial bank to issue paper money. Eteocle Cagnassi, ‘La fondazione di un istituto di credito per l’Africa italiana e lo sviluppo economico della Colonia Eritrea’, in *Atti del Congresso coloniale italiano in Asmara settembre-ottobre 1905*, ed. Carlo Rossetti, vol. 1 (Rome: Tipografia dell’Unione cooperativa editrice, 1906), 53. About the organisation of the first colonial congress, see: See Alberto Acquarone, ‘Politica estera e organizzazione del consenso nell’età giolittiana: Il Congresso dell’Asmara e la fondazione dell’Istituto Coloniale Italiano’, in *Dopo Adua: politica e amministrazione coloniale* (Rome: Ministero per i beni culturali e ambientali, 1989), 255–410. About the opening of a bank in Eritrea and Cagnassi’s presentation at the Colonial Congress, see section 3.2 in this thesis.

Similarly to Alamanni's work, Petazzi's essay on the monetary problems of Eritrea was first written as a colonial report, signed by "the aspiring colonial agent Ercole Petazzi" on 31 August 1911. This report was later transformed into an article and published in the *Rivista d'Africa*, with the title 'The monetary problem of Eritrea'.¹⁵⁸ The "aspiring colonial agent" was stationed in Asmara when he published this first comprehensive report on Eritrea's monetary problems. Petazzi would go on to make a name for himself, rising through colonial ranks and becoming Vice Governor of Italian Somalia in 1936, and then supervisor of the personnel division of the Ministry of Italian Africa, finally affiliating to the *Repubblica Sociale Italiana* (RSI).¹⁵⁹ His report began with an analysis of the growth in the importation of the Maria Theresa thaler into Eritrea in the period from 1907 to 1910. In this time interval, the total value of imported thalers rose from 412,910 lire to 4,211,134 lire.¹⁶⁰ Even though some figures report a growth of exports from 1907 to 1910 (4,310,000 lire to 11,135,000 lire), it is more probable that the impressive increase in imported thalers was related to a combination of factors affecting the international price of silver. Among these, the most important is the sudden decline of the silver price starting from 1908. This decline followed a steady upward trend between 1905 and 1907, and led to a decline in the price of MTT, and more purchases by the colonial government and private companies operating in the colony. The primary reason for the rise was the high demand for silver from the Indian mints, due to the need for currency in responding to a higher volume of goods exchanged during those years.¹⁶¹ A subsequent slack period of Indian trade due to a devastating monsoon, together with the concomitant American financial crisis, lowered the demand for silver. By 1908, the international price of silver had fallen by 30 per cent.¹⁶²

¹⁵⁸ ASDMAE, AE 169, 'Varie 1892-1916, Petazzi Ercole, Appunti sulla questione monetaria in eritrea, 31 agosto 1911'.

¹⁵⁹ At the "Biblioteca Comunale 'Giuseppina Petazzi Madiar'" in Menaggio (Como, Italy), one can consult the collection of private documents donated by Ercole Petazzi in 1963. These documents have not been catalogued yet, but they are bound to be the subject of further research. See also Chiara Giorgi, *L'Africa come carriera: funzioni e funzionari del colonialismo italiano* (Rome: Carocci, 2012), 184; Matteo Dominioni, 'Le colonie in casa. Il fondo africanista "Giuseppina Petazzi Madiar" di Menaggio', *Zapruder* (2005), 123–25.

¹⁶⁰ Petazzi reports the data found in Paoli, *Nella colonia Eritrea*. Starting from 1907, a one per cent fee was applied to the Maria Theresa thalers reaching the colony through the customs office in Massawa. See ASDMAE, ASMAI I 22/1, 'Regio Decreto 16 giugno 1907, Diritto di statistica dell'1% sui talleri M.T.'.

¹⁶¹ Edwin W. Kemmerer, 'The Recent Rise in the Price of Silver', *Quarterly Journal of Economics* 26, no. 2 (1912): 232–34.

¹⁶² *Ibid.*, 234; Leavens, *Silver Money*, 82.

Petazzi defined this period of growth as a “monetary invasion”.¹⁶³ In order to highlight the importance of this increase, Petazzi pointed to the “considerable profit” for Austria produced by the minting of the coin, given the value of silver and the minting costs. Petazzi’s analysis, as well as Alamanni’s one, was characterised by the attention given to the geographical and commercial context of the colony of Italian Eritrea. As has been mentioned, in the first years of Italian occupation the aim of the colonial government was that of not blocking inter-regional and transnational commerce by forbidding the use of MTTs. For this reason, the first studies about monetary circulation in the colony focused also on the commercial network of the colony, and the currencies used in this network. Petazzi acknowledged that the monetary circulation of Eritrea was influenced by that of the markets with whom the Italian colony traded the most: Sudan, Egypt, Aden (and Arabian Peninsula), and India.¹⁶⁴ In these markets, Petazzi noted, two important coins circulated: the MTT, and the Indian rupee.¹⁶⁵ Moreover, Petazzi pointed out that of the two currencies, the MTT had the most “unstable” value, being a “commodity currency”.¹⁶⁶ For this reason, he proposed the introduction of a new currency with a stable value, that, however, would be equal the value of its silver content. As we have seen, Petazzi believed that the discrepancy between the silver content and the official value of the *tallero eritreo* was the reason for its failure. In order to stabilise the value of the new currency, Petazzi proposed pegging it to an international trading currency, such as the pound sterling.¹⁶⁷ In fact, the pound sterling was the most widespread international trading currency in those markets with an influence on Eritrean trade, especially Aden. His final proposal was a new currency whose official value had to be equal to one tenth of a pound, whose value at that time was 25.20 lire.¹⁶⁸ It is worth noting that Petazzi’s proposal was based on his perception of the contemporary economic and financial landscape. At that time, the value of the MTT had been quite stable at around 2.50 lire, which was also the value of the new coin proposed by Petazzi. However, as we will see in the third

¹⁶³ Petazzi, ‘Il problema monetario dell’Eritrea’, 549.

¹⁶⁴ *Ibid.*, 552.

¹⁶⁵ *Ibid.*, 534.

¹⁶⁶ *Ibid.*, 535.

¹⁶⁷ *Ibid.*, 555.

¹⁶⁸ *Ibid.*

chapter, major global crises and the fluctuation of the silver on the market was destined to have a substantial effect on the value of the MTT, disrupting the relative stability of the currency's value in lire. Notwithstanding the influence of Petazzi's analysis, his proposal was not adopted, as the pegging of the new coin would result in too big an influence of the British markets to the Eritrean market.

In this phase, the construction of a "colonial knowledge" about the monetary system of the colony was carried out by low-ranked and younger officers with no specific expertise in finance, but a significant ability in collecting information for their senior officers. Their duties were most probably completed with the ultimate aim of increasing their chances for promotion. Even though their suggestions would not be directly adopted for the design of new monetary policies, as we will see, their analyses contributed to the composition of further studies confronting the monetary problems of the colony. This fostered a virtual dialogue among the different scholars and officers, eventually inspiring new monetary policies. At the eve of the First World War, studies on the Eritrean monetary system would be carried out by senior officers, a sign that the issue had become more and more politically and economically relevant.

1.4 The Maria Theresa thaler in pre-War studies

Giovanni Carboneri, in his 1912 publication, referred to the same data regarding the Maria Theresa thaler "monetary invasion" that was used by Petazzi.¹⁶⁹ Carboneri was the first "expert" to deal with the monetary problems of the colony, being the Secretary of the *Regia commissione monetaria* (the Royal Monetary Commission) of the Ministry of Treasury. The *Regia commissione* was established in 1904, and its role was that of researching techniques for the production of coins and banknotes and designing new models.¹⁷⁰

While praising Petazzi's work, Carboneri believed that the monetary problems of Eritrea could not be solved by just focusing on the substitution of the Maria Theresa thaler. According to him, it was

¹⁶⁹ Giovanni Carboneri became departmental head in 1920. He later wrote again about currencies: see *La circolazione monetaria dei diversi Stati*, 1915.

¹⁷⁰ 'Commissione monetaria', *Rivista Italiana di Numismatica* (1905), 138–39.

necessary to bring attention to the entire regional trading system, in addition to “cultural” aspects. In his opinion, the colony was in a transitional phase from a “barter system” to money. The solution to the monetary problem was to get Eritreans used to the idea of money, and then stimulate their acquaintance with “the monetary devices of the great modern nations”.¹⁷¹

Carboneri agreed with Petazzi in identifying the failure of the *tallero eritreo* in its disproportionally high nominal value, and in its inconvertibility to gold (or lire).¹⁷² According to Carboneri, this was a consequence of not having followed the suggestions provided by George de Laveleye during the session about the “monetary systems of the colonies” at the *Institut Colonial International* in Brussels in 1912. George de Laveleye (1847-1921) was the nephew of the economist Emile de Laveleye, and honorary president of the *Banque de Bruxelles*.¹⁷³ In 1911, he compiled a report on the monetary problems in the European colonies for the *Institut Colonial Internationale* in Brussels, titled *Le Régime monétaire dans les colonies*. Later on, he was the keynote speaker at a conference organised on the same issue in 1912.¹⁷⁴ As reported by Carboneri, de Laveleye’s proposal to adopt a colonial currency involved the introduction of a silver coin of an inferior fineness compared to those circulating in Europe. He opted for silver because the value of gold was considered too high for the colonies. The currency should have been a legal tender freely exchangeable in the colony. On the contrary, the Eritrean thaler was designed with a disproportionate nominal value, a fineness that was inferior to that of its own subdivisions, and was of poor quality. According to Carboneri, the only merit of the 1890 issue was to acquaint the inhabitants of the colony with the use of metal coins in everyday transactions. Based on the prejudice of the non-acquaintance of Africans with metal coins, de Laveleye suggested introducing large quantities of low-denomination coins in the “new” colonies,

¹⁷¹ Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, 6.

¹⁷² The exchange of the *tallero eritreo* (and its subdivisions) was allowed only at the provincial Treasury in Naples, so it was impossible for a colonial subject to legally convert them into lire. See Rossetti, *Il regime monetario delle colonie italiane*, 27.

¹⁷³ For more information about George de Laveleye, see Inst. roy. colon. Belge, *Biographie Coloniale Belge*, T. IV, col. 497-499 (1955).

¹⁷⁴ Before their meetings, the institute’s members would commission the writing of reports on selected topics to specialists. The reports would then be discussed during their meetings. Wagner, ‘Private Colonialism and International Co-Operation in Europe, 1870-1914’, 89-90. For more information about the de Laveleye report and the outcomes of the conference, see Institut Colonial International, *Compte Rendu de la Session tenue à Bruxelles les 29, 30 et 31 Juillet 1912*.

in order to increase domestic transactions.¹⁷⁵ While developing the local economies, the colonial monetary system should have been made closer to that of the homeland.

During the 1912 conference, de Laveleye and the other speakers lamented the absence of Italian representatives. Nevertheless, the Eritrean case was the focus of a heated debate.¹⁷⁶ Contrary to what Petazzi stated, de Laveleye believed that the main reason for the failure of the Eritrean thaler was the low quantity of new currency issued. Moreover, during the conference, de Laveleye underlined the political reasons that led to the Italians trying to substitute the Austrian thaler. According to de Laveleye, in dealing with the monetary problem in the colonies, it was necessary to distinguish between currencies used for inter-regional trade and locally used currencies. This assumption is well-summarised in his reply to the request to write a book on this very theme:

Je lui répondis tout simplement que c'était impossible, que la question pouvait se résumer en une phrase: "La monnaie coloniale par excellence, c'est la livre sterling au port d'attache et n'importe quoi à l'intérieur".¹⁷⁷

In saying so, de Laveleye was stating that while a currency with a stable value was necessary for international commerce, any means of exchange with a limited intrinsic value would do its job in the colony, provided that the quantity was enough to stimulate local commerce.¹⁷⁸ The advice given by de Laveleye was mostly concerned with the internal monetary circulation of "newly acquired"

¹⁷⁵ *Ibid.* 134. De Laveleye's proposal is well summarised in his report in *Le Régime monétaire dans les colonies* (1911): "A côté d'une monnaie de compte internationale qui doit être le plus possible à l'abri des oscillations de valeur, une colonie doit posséder une monnaie spéciale ne servant qu'à l'intérieur pour faciliter les transactions journalières. Cette monnaie doit être appropriée aux besoins de la colonie, c'est-à-dire, dans les colonies neuves, être surtout composée de pièces du plus infime import et d'un métal vil. Peu importe d'ailleurs que cette monnaie intérieure soit d'un métal plus ou moins précieux ou d'un titre plus ou moins élevé. Il ne s'agit que d'une monnaie destinée à remplacer les moyens primitifs d'échange; elle sera bonne si elle est adoptée par les indigènes; elle sera utile à un autre point de vue si elle fait connaître l'effigie du Souverain ou l'emblème de la nation". See de Laveleye, 1912, 'Le Régime monétaire dans les colonies, Rapport Supplémentaire, in Institut Colonial International, 1912', in *Compte Rendu de la Session tenue à Bruxelles les 29, 30 et 31 Juillet 1912*, 361-363.

¹⁷⁶ *Ibid.*, 176.

¹⁷⁷ *Ibid.*, 130.

¹⁷⁸ Carlo Rossetti, whose work will be analysed below, declared that the monetary system of Italian Somalia perfectly represented the "ideal" monetary system proposed by de Laveleye. See Rossetti, *Il regime monetario delle colonie italiane*, 66.

colonies. On the contrary, Petazzi and Carboneri strove to find an alternative to the Maria Theresa thaler, whose “international” nature had been already recognised by Alamanni years before them.

Carboneri’s publication is credited with introducing de Laveleye’s proposal and the outcomes of the Brussels conference to the Italian debate concerning Eritrea. His solution was a derivative of the one proposed by de Laveleye. He presented three ways of dealing with the monetary problem in Eritrea. The first envisaged the use of the lira as legal tender for international trade, with silver and smaller copper coins for local commerce. This solution was not feasible at the time, given the Italian trade imbalance toward imports and the low commercial volume of exports from Eritrea to Italy. The second proposed solution was the introduction of an “indigenous” currency, with a fixed exchange rate to the gold standard. This was basically what the Italians had attempted with the *tallero eritreo*, it being pegged to the lira which was then on the gold standard system. However, Carboneri’s proposal underlined the importance of issuing small coins with a very low silver content compared to that of the monetary unit, in order to avoid their disappearance from circulation as described by the Gresham law.¹⁷⁹ The third proposed solution was a mixed system, which, according to Carboneri, would have been more appropriate for a colony like Eritrea, that in his words, was at “not too high” a cultural level.¹⁸⁰ The solution would allow a smoother passage from the commodity money system to a fiat money system. In such a system, together with the circulation of the lira, its coins, and the subdivisions of the *tallero eritreo*, a new coin issued by the Italian government would have been introduced, with a floating rate like that of the Maria Theresa thaler. In this way, the new coin would have been “backed by the powerful local government”,¹⁸¹ while the Maria Theresa thaler was left to its fate. A prerequisite for the diffusion of the new coin in the Red Sea region was the opening of credit institutions in order to support it. However, as will be seen in chapter 3, this would only happen

¹⁷⁹ Gresham’s Law is often described with the aphorism “bad money drives out good”. This is, however, inaccurate and incomplete. For Gresham’s Law to come into play, it is necessary that both currencies have the same nominal value and that the more “precious” currency has a higher value when it is employed for other functions. According to this definition, it is clear that Carboneri used the term inappropriately, as he applied it to the introduction of the subdivisions of the new coin, hence those coins with a lower nominal value. For more information about the history of the formulation and use of Gresham’s Law in economic historiography, see Robert Mundell, ‘Uses and Abuses of Gresham’s Law in the History of Money’, *Zagreb Journal of Economics* 2, no. 2 (1998): 3–38.

¹⁸⁰ Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, 24.

¹⁸¹ *Ibid.*, 27.

in 1913, with the opening of the first branch of the Bank of Italy in Eritrea.

Carboneri did not agree with Petazzi's proposal of pegging the new colonial currency to the British pound, it being "the currency par excellence in the markets of Aden and Zanzibar",¹⁸² and therefore the common denominator of the most influential markets for the trade of the colony. According to Carboneri, this solution would have "dethroned a trade currency, without any political importance, such as the Maria Theresa thaler, to substitute it with a currency issued by a powerful nation, thus increasing, without any reason, its reputation in those regions".¹⁸³

In 1914 Carlo Rossetti published his *Il regime monetario delle colonie italiane*. Rossetti was the first organiser of the *Congresso Coloniale* (Colonial Conference) in Asmara in 1905, and he had been a *capitano di vascello* ("naval vessel captain") before being appointed Consular Officer in Kharṭūm (1907-1911), and finally becoming director-general of the Ministry of the Colonies in 1914.¹⁸⁴ His many interests ranged from legislation for African wildlife conservation and the history of Korea, to prestidigitation. This can be seen in his diverse publications.¹⁸⁵ In his publication on colonial monetary systems, Rossetti addressed the problem by extending his analysis to all the Italian colonies. His book is made up of a general introduction, three sections dedicated to the four Italian colonies in Africa (Eritrea, Somalia, Tripolitania and Cyrenaica), and an appendix with the most important laws and decrees regarding Italian colonial monetary policies. Rossetti noted that most of the studies regarding the monetary problem of Italian colonies were focussed on Eritrea. For this reason, he was extremely disappointed by the absence of Italian representatives at the conference of the *Institut Colonial Internationale* in 1912. Rossetti too referred to the monetary policies of the British Empire and the multiple systems produced by the British monetary policies, thus showing the complexity of the issue. According to Rossetti it was necessary to take into account some elements that were usually

¹⁸² Petazzi, 'Il problema monetario dell'Eritrea', 555.

¹⁸³ Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, 12.

¹⁸⁴ Giuseppe Puglisi, *Chi è dell'Eritrea: dizionario biografico* (Asmara: Agenzia Regina, 1952).

¹⁸⁵ Among the several publications by Rossetti, see especially *Storia diplomatica dell'Etiopia durante il regno di Menelik II* (1901), *Lettere dalla Corea* (1904), *Corea e coreani* (1904-1905), *La conservazione della fauna indigena nei paesi nuovi* (1911), *Manuale di legislazione della Somalia italiana* (1913). Rossetti is famous for being one of the initiators of modern stage magic in Italy with his book *Magia delle carte* (1935).

not considered by economists in the countries that he defined as belonging to the “old civilisation”.¹⁸⁶ Rossetti saw the reason for the failure of the *tallero eritreo* not only in its silver content, but also in not having supported the authenticity of the coin with the people of the colony, in that they did not have any possibility of exchange it with the lira.¹⁸⁷ According to Rossetti, the failure of the Eritrean thaler did not represent an exception to the Gresham law. In fact, because the *tallero eritreo*, considered a “bad currency”, did not even manage to enter the local monetary system, the Gresham law framework was inappropriate in describing the outcome.

Rossetti underlined the important function of storage of value (represented by the demonetisation practices) that the new coin should have, which he considered prevalent in those countries with “an inferior civilisation level and a rudimentary economy”.¹⁸⁸ Like Carboneri before him, he believed that the only motivations in replacing the Maria Theresa thaler were political. He also believed that Austria would never interrupt the minting of the thalers, and therefore ceding the profits derived from its production. This point is interesting, as it was the scarcity of circulating thalers, due to the halting of minting new thalers by Austria during the First World War, that led to the need for a new solution for the Italian government and the issuing of the *tallero d'Italia*.¹⁸⁹

The organisation of international conferences shows the importance of the monetary problem for the imperial powers, and the references to these conferences that we find in Italian publications are an attempt to relate to a European tradition of “colonial science”, notwithstanding the Italian absence at the conference organised by the *Institut Colonial Internationale* in Brussels in 1912. The references to the conference held at the *Institut Colonial Internationale* show how the experiences of colonial administrators contributed to fostering new interpretative models and producing new political strategies once they were back in Europe. In this sense, “colonial knowledge” produced a “transnational web of connections”, and was in turn fed by it.¹⁹⁰ Quite often reference models exist because, when they are linked to colonial experience “in the field”, they become useful for

¹⁸⁶ Rossetti, *Il regime monetario delle colonie italiane*, 10.

¹⁸⁷ See note 157.

¹⁸⁸ Rossetti, *Il regime monetario delle colonie italiane*, 14.

¹⁸⁹ Tschoegl, ‘Maria Theresa’s Thaler’, 448.

¹⁹⁰ Roque and Wagner, *Engaging Colonial Knowledge*, 16.

“imagining” a colonial project. This can be seen with the case of the British model, which is often referenced by the authors I cited in these paragraphs as an example of “adaptability” to different colonial contexts.

At this point, the production of studies regarding the monetary issues of Eritrea were enriched by new elements. First of all, the concept of a “culturally” defined level of “monetary” evolution was introduced. The reasons why the colonial coins were not accepted, according to Carboneri, should not only be investigated through the analysis of the economic context. The indigenous people had to be “educated” to the use of currency. A second aspect that enriched the compositional representation of a “colonial knowledge” was the connection with an international discourse on colonial monetary systems, whose aim was to find *ad hoc* solutions to be employed in European colonies. The Eritrean “assemblage” became a model for the Brussels conference, and, at the same time, the ideas produced during the conference entered the Italian publications focussed on the theme. On the eve of the First World War, we can also see some of the elements that would go on to characterise later studies: more focus on the political aspects related to colonial currencies and the attention paid to the “cultural level” of a colony, together with the need to produce different policies for different “cultural levels”.

1.5 The monetary problem after the War and the issuing of the *tallero d'Italia*

During the First World War, European states limited the buying and selling of precious metals by private companies, in order to protect their gold reserves. Preservation of reserves was vital due to the need to be able to buy the supplies required for the war effort. This provoked the suspension of the mechanisms that allowed the maintenance of the necessary balance for the gold standard, which had been in force since the end of the 19th century. Consequently, the exchange rates started fluctuating.¹⁹¹ Even though most countries went back to the gold standard by 1927, the global monetary landscape was deeply changed after the war, with the British pound losing its leading role

¹⁹¹ Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*, third edition (2019), 44.

in the global markets.¹⁹² The lira lost 40 per cent of its value between 1914 and 1918.¹⁹³

At the end of the War, the Secretary of the Treasury Amanto Di Fausto wrote a report about the state of affairs of the monetary systems of the Italian colonies.¹⁹⁴ He acknowledged the distribution of roles among the different circulating monetary forms in the colony, with the Maria Theresa thaler used in inter-regional trade, and the lira and the Eritrean thaler (with their subdivisions) almost only locally employed.¹⁹⁵ At the same time, given the differences between the Italian colonies, he admitted that it was not possible to design a unique monetary system for all of them.¹⁹⁶ In a few lines, Di Fausto clearly described the situation of the monetary circulation in the colony of Italian Eritrea. The scarcity of Maria Theresa thalers (together with the ban on the use of thalers in the markets) helped the diffusion of the lira in local markets. However, because the supply of lire coins was insufficient, banknotes started circulating in Eritrea, together with vouchers issued by private companies lacking any government authorisation.¹⁹⁷ Di Fausto considered money as “one of the most effective tools to extend influence in the colonies”.¹⁹⁸ He therefore proposed taking advantage of the need for thalers in the neighbouring region of Təgray in Ethiopia, to introduce a new thaler, minted by the Italian government. Moreover, he suggested introducing in Ethiopia the subdivisions of the lira used in Eritrea, so that these could facilitate the introduction of the new thaler.¹⁹⁹

The report by the Secretary of Treasury, Di Fausto, proves that the disruption of monetary circulation provoked by the First World War called for a more centralised approach to the monetary problems of Eritrea. During the War, Governor Giacomo De Martino had already nominated an *ad*

¹⁹² *Ibid.*, 41.

¹⁹³ At that time, it became impossible for Italy to support the value of the lira with its metal reserves. As a result, the Italian government (as with most of the European government in this period) was forced to introduce banknotes into its colonies, to preserve circulation and commerce. See Mauri, ‘Eritrea’s Early Stages in Monetary and Banking Development’; Michele Fratianni and Franco Spinelli, *A Monetary History of Italy* (Cambridge: Cambridge University Press, 1997), 122.

¹⁹⁴ Di Fausto, ‘Relazione n. 13. Sistema Monetario’.

¹⁹⁵ *Ibid.*, 117.

¹⁹⁶ *Ibid.* For example, the lira was successfully introduced into Libya, as commercial exchange occurred almost exclusively with Italy. In Italian Somalia, a rupee (pegged to the Indian rupee) was introduced. See section 2 in this chapter.

¹⁹⁷ The use of banknotes and vouchers to compensate for the lack of circulating coins in Eritrea during and after the First World War will be addressed in chapter 3. See, in particular, section 3.3.2.

¹⁹⁸ *Ibid.*, 119.

¹⁹⁹ *Ibid.*, 121.

hoc commission to study MTT circulation in the colony, and proposed to the Ministry of Colonial Affairs the issuing of a new silver coin to replace the MTT.²⁰⁰ As we have seen in the second section, the new thaler was issued on 31 May 1918, and was called the *tallero d'Italia*. Some of the previous suggestions offered by the officers and scholars that published on the matter contributed to the design of the new monetary policy. In fact, the design of the new monetary system was explicitly inspired by Carboneri's proposal. In particular, the new coin was conceived as a "commodity currency" and its structural qualities were almost identical to those of the MTT, that had to circulate together with the other fiduciary currencies in order to allow a smoother passage to a complete fiat money system.

The decision-making process behind the design of the new thaler was complex and involved the participation of Professor Luigi Mariani, an archaeologist from the Sapienza University of Rome, and director of the archaeological services of the Ministry of the Colonies. His contribution is reported in the official publication introducing the new *tallero d'Italia*.²⁰¹ According to Mariani, the previous attempt (the *tallero eritreo*) had failed because the government had not realised the commodity-money nature of the thaler. As we saw in the first section, the *tallero eritreo* was conceived as a fiat money, with a fixed exchange rate to the Italian lira. Therefore, Professor Mariani believed that another "thaler" was necessary, as "in eastern countries" where a "logical setting of values" did not exist, the Maria Theresa thaler had all the features requested by "those people": the "constancy of the model" (as it was in 1870) and high intrinsic value. These features made the thaler an "official money", but a commodity money too, so as to be suitable for the "exchanges that were regulated in a

²⁰⁰ It is worth noting that Senator Giacomo De Martino had been the governor of Italian Somalia when the Italian rupee was introduced in the colony, as mentioned in section 2 of this chapter. De Martino had also illustrated the monetary system of Italian Somalia and the consequences of its reform in a section of his official report to the Italian Parliament. Furthermore, his successors dedicated specific sections of his report to the Parliamentary sitting for the study of the monetary problems of Somalia; see for example Carlo Riveri, *Relazione presentata dall'Avv. Carlo Riveri il 10 ottobre 1921 sulla situazione generale della Somalia italiana* (Rome: Sindacato Italiano Arti Grafiche, 1921), 47–50. Surprisingly, the first and very detailed report by Ferdinando Martini on the Italian colony of Eritrea did not deal with the Maria Theresa thaler at all. The monetary problems of Somalia had in any case been quite central to the Italian political agenda since the foundation of the colony, as the first ministerial commission for the study of its monetary system was constituted in 1906. See Claudio Sessa, 'Colonialismo monetario. L'esperienza italiana in Somalia e la difficile transizione (1905-1950)', PhD thesis (Università degli Studi di Genova, 1920), 83–84.

²⁰¹ Mariani, *Il nuovo tallero italiano*. For more on Lucio Mariani, see L. Mazzocco, 'Mariani Lucio' in *Dizionario Biografico degli Italiani*, vol. 70, <http://www.treccani.it/enciclopedia/lucio-mariani_%28Dizionario-Biografico%29/>, accessed 30 March 2021.

primitive way”.²⁰²

Mariani’s study was entirely focused on the design and styling of the coin, especially regarding the engravings of the new thaler. His report reflects his high level of awareness of the role of the coins in conveying “the dominant preoccupations of the issuing authority [and its] particular view of social and political relationships that obtained in the currency circulation area”. The new design, according to Mariani, had “to claim [...] respect for [Italian] currency, [which is] the sign of [Italy’s] financial and moral power in the Red Sea”.²⁰³ For this reason, three options were considered for the design of the new coin.

The first was to bring back an old silver thaler of the Republic of Venice used in trade with eastern countries, the Alvise Mocenigo’s thaler of 1768. The reason for suggesting this particular coin was in its resemblance to the Austrian one, and because it was “an historical coin”. This option was rejected because of the presence of Venetian emblems on the coin, that could jeopardise the political aims of the new issue.²⁰⁴

The second option was once again based on European “classical” criteria: the ancient Roman custom of representing the personification of the provinces of the empire on the coins.²⁰⁵ Here, a personification of Eritrea was to be engraved on the front of the coin. In addition, other elements, recalling the economic resources of the colony, such as “tufts of dura,²⁰⁶ *doum* palm fruits²⁰⁷ or other products, typical of the country”.²⁰⁸ This option was rejected because it was considered more “convenient” that the new coin bore the effigy of the issuing country.²⁰⁹ For this reason, the third option was chosen in the end. The *tallero d’Italia* was conceived to be as similar as possible to the MTT, but at the same time giving it an “Italian character”.²¹⁰ The woman represented on the front was the personification of Italy. On the back the eagle was kept, but with one head instead of the two

²⁰² Mariani, *Il nuovo tallero italiano*, 3.

²⁰³ Mariani, *Il nuovo tallero italiano*, 4.

²⁰⁴ *Ibid.*, 5.

²⁰⁵ *Ibid.*, 7.

²⁰⁶ “Dura” was the name given to the *Sorghum vulgare*, which was the staple food in Eritrea.

²⁰⁷ The seeds of the doum palm (*Hyphaene thebaica*) were used in the production of buttons.

²⁰⁸ Mariani, *Il nuovo tallero italiano*, 7.

²⁰⁹ *Ibid.*, 8.

²¹⁰ *Ibid.*, 9.

that were the symbol of the Austro-Hungarian Empire. The Italian cross, the emblem called *scudo sabauda*, was also retained, on the grounds that the symbol was already known in Muslim countries and that “it would be disrespectful towards those people to attribute to them a religious superstition in historical and political matters”.²¹¹ Finally, on the back of the coin, the inscription «AD NEGOT[iorum] ERYTHR[aeorum] COMMOD[itatem] ARG[entum] SIGN[atam]» (“for the benefit of the trades of the Red Sea”²¹²) underlined the new coin’s function as commodity-money, *argentum signatum*, and not fiat money.²¹³



Figure 5. Tallero d'Italia, 1918. Author's personal collection (reproduction).

The inscriptions in Amharic and Arabic, which were present on the Eritrean thaler of 1891, disappeared. It is quite clear that the new inscription in Latin was speaking to Europeans, and not to Eritreans (See Figure 5).

The decision-making around the design of the new *tallero d'Italia* adds another component to the assemblage. Together with the persistence of the colonial trope of the primitiveness of the local economy (through the necessity of introducing an “old”, hence unchanging, coin, and the lack of a

²¹¹ *Ibid.*, 9.

²¹² The name “Eritrea” comes from the Latin adjective “erythraeus” (Ancient Greek Ἐρυθραῖος), which means “red”. Formerly the name referred to the Red Sea (Ancient Greek Ἐρυθραῖος πόντος or Ἐρυθρὰ θάλασσα), so it is possible that the Italians were stating, through the inscription, that the new coin was meant to be used in the whole Red Sea region. See “eritrèo” in *Vocabolario Online*, Treccani, <<https://www.treccani.it/vocabolario/eritrèo/>>, accessed 30 March 2021.

²¹³ Mariani, *Il nuovo tallero italiano*, 12.

“logical setting of values”), Mariani’s presentation clearly represents an attempt to strengthen national identity and convey an image of superiority.²¹⁴ It seems to be a payback for the Italian “mutilated victory” against Austria, and its double refusal, after the war, to concede the minting of the MTT to Italy. The appeal to Mocenigo’s thaler also appears to be an attempt to re-assert, in Mariani’s words, the will to acquire a new commercial supremacy in the “east”, or “at least the respect for its own [i.e. Italian] currency, a sign of its financial and moral power in the Red Sea”. In this sense, the issuing of a new currency for the colony represented a tool for strengthening national identity after the end of the First World War.²¹⁵ Finally, as stated by Wambui Mwangi, “currency design depends on the issuing authority’s self-representation” and that of colonial state and colonised territory and subjects.²¹⁶ However, the message on the new Italian thaler was addressed more to the European “enemies” of Italy than to the non-European “users” of the coin. In fact, the Amharic and Arabic inscriptions of the *tallero eritreo* disappeared, substituted by the engraving in Latin.

²¹⁴ Helleiner, *The Making of National Money*, 180.

²¹⁵ *Ibid.*, 100.

²¹⁶ The Lion, the Native and the Coffee Plant: Political Imagery and the Ambiguous Art of Currency Design in Colonial Kenya’, *Geopolitics* 7, no. 1 (2002): 34.

1.6 The works by Alberto Pollera and the fall of the Empire

Alberto Pollera represents an example of those “old colonials” who were able to combine administrative roles in the colony with research activity. Even though he had been in the colony since 1894, his first contribution on the monetary problems of Eritrea only appeared in 1916, in the *Rivista Coloniale*.²¹⁷ In his article, Pollera cited previous work by Petazzi, Carboneri and Rossetti, but avoided directly engaging with them, leaving the debate for “those interested in discussing the theories around the Eritrean monetary system developed by them”.²¹⁸ Pollera’s study represents an exception as it did not deal with monetary policy theories but rather focused on the “ethnographic” aspects of the local use of the Maria Theresa thaler. In doing so, he described different ways in which the introduction of the MTT had an impact on units of measurement used in the markets or by indigenous “common law”. For example, the *nefchì* (which was a unit of measurement for 10 kilograms of grain) had been equalised to 1 MTT, a horse to 30 MTT and so on, and the same conversions applied both in the markets and in the settlement of fines in indigenous courts.²¹⁹ Moreover, the MTT came to be used as a unit of measurement, where the *rotolo* became a multiple of the MTT.²²⁰ On these points, Pollera compared the persistence of the MTT, notwithstanding the Italian attempts to substitute it, to the Italian tradition of negotiating the buying and selling of

²¹⁷ The *Rivista Coloniale* was the journal of the *Istituto Coloniale Italiano*, and was founded in Rome in 1906. Its aim was the promotion of economic activities in the colonies and the organisation of Italian emigration. Carlo Rossetti was its first secretary. See Acquarone, ‘Politica estera e organizzazione del consenso nell’età Giolittiana: Il Congresso dell’Asmara e la fondazione dell’Istituto Coloniale Italiano’, 255–410. Pollera’s is the first article specifically dedicated to the problems of monetary circulation in the Italian colonies to appear in the journal. After this article, news and short essays about the “monetary problem” in Africa appeared in the issues of this journal every year. This was another sign of the growing interest about African monetary systems in Europe. Some articles were also focussed on the monetary problems of other European colonial powers. For example, in 1921 two articles were published about the currency crisis in British East Africa: ‘La crisi monetaria nell’Africa Orientale Britannica’, *Rivista Coloniale* 18, no. 4 (1921), 180; and ‘Sistema monetario al Kenya’, *Rivista Coloniale* 18, no. 4 (1921), 180–181. Another insightful essay about the monetary system of Italian Somalia was published in this journal by Alberto Allegrini in 1925: ‘Il problema monetario della Somalia Italiana’, *Rivista Coloniale* 20, no. 2 (1925), 158–165. In the same year, an excerpt from Alberto Pollera’s *La vita commerciale etiopica e la circolazione monetaria Eritrea* (which will be analysed later in this study) was published in the *Rivista Coloniale*: ‘La circolazione monetaria nell’Eritrea e il commercio etiopico’, *Rivista Coloniale* 20, no. 2 (1925), 397–414. In 1927, the issuing of the journal was interrupted and the journal *L’Oltremare*, took its place. See ‘Commiato’, *Rivista Coloniale* 22, no. 5 (1927), 335–337.

²¹⁸ Alberto Pollera, ‘Il tallero di Maria Teresa nella circolazione monetaria della Colonia Eritrea e problemi che ne derivano’, *Rivista Coloniale* 11, no. 9 (1916): 505.

²¹⁹ *Ibid.*, 506.

²²⁰ In Eritrea, the MTT as a unit of weight was called, according to colonial sources, *ochia* (in Amharic *wäqét*; 1 *ochia* ≈ 28 grams = 1 MTT). The *rotolo* was equal to 16 *ochia*. See ASDMAE, AE 1037, *Pesi e Misure in Eritrea 1903-1908*, *Misure varie usate sui mercati della colonia*. See also table 2.

livestock using the obsolete *scudi* in the markets of Tuscany at that time.²²¹ That is, it was Pollera's opinion that it was not possible to reform the monetary system without considering the many aspects affected by the circulation of the MTT.²²² For example, because the MTT was used by indigenous common law to calculate compensation payments and fees, it was impossible to simply substitute it with another currency without reforming the common law, and converting the value of all traditional fees in lire. In other words, it was impossible, according to Pollera, to change a tradition by decree. As confirmed by Sòrgoni, Pollera did not believe in the forced alteration of local customs.²²³

The convenience of using the Maria Theresa thaler in the markets was also due to its compatibility with local units of measurement, such as the measures of capacity, whose conversion was simpler to do in thaler than in lire. In 'Addi Wəgri, the local unit of measurement for grains equalled 2.5 litres. The *teff* (*Eragrostis tef*, a locally farmed grain), was then sold at two measures per MTT, which represents an easy conversion. If this value was to be calculated in lire, each measure should be valued at 1.325 lire, or 2.65 lire for two measures, which according to Pollera, represents "a difficult calculation for most Italian rural people, almost insurmountable for the indigenous people of the colony".²²⁴ This point is particularly interesting, given the importance of problems of commensuration and scales in the history of African currencies, and the fact that Pollera is the only one to stress it in the Eritrean context.²²⁵ Another practical problem related to the local use of the Maria Theresa thaler was its function as a means to assay the quality and weight of metals used in jewellery-making, which was also, according to Pollera, a preferred way to store wealth.²²⁶ The familiarity of the Eritreans with the thaler protected them from frauds. Thus, Pollera suggested the introduction of an Italian-minted commodity-money with the same features, to allow the artisans to use it in jewellery-making (and in comparing weights) while avoiding the import of the Austrian

²²¹ *Ibid.*, 507.

²²² *Ibid.*, 519–20.

²²³ Sòrgoni, *Etnografia e colonialismo*, 46.

²²⁴ Pollera, 'Il tallero di Maria Teresa nella circolazione monetaria della Colonia Eritrea e problemi che ne derivano', 508.

²²⁵ J. Guyer, *Marginal Gains: Monetary Transactions in Atlantic Africa* (Chicago: University of Chicago Press, 2004), 49–96.

²²⁶ Pollera, 'Il tallero di Maria Teresa nella circolazione monetaria della Colonia Eritrea e problemi che ne derivano', 508.

coin.²²⁷

As we saw in the second section of this chapter, Pollera's ethnographic attention to the local practices made him the only writer to see a reason for the failure of the *tallero eritreo* beyond its reduced silver content. Looking at the indigenous habit of storing value through demonetisation practices, Pollera described how the sudden reduction of the quotation of the MTT from 4.70 lire (almost equal to the *tallero eritreo* official value) to less than 2.50 lire allowed the new thaler to be used to buy almost the same amount of silver contained in a *tallero eritreo* at half of his price.²²⁸

Pollera also explains the success of the subdivisions of the Eritrean thaler in the colony by the inclination of the indigenous people to use 1 and 2 lire coins, instead of using the value of 5 lire (1 Eritrean thaler) in conversions. However, even the quantity of such coins in circulation was too low to allow the complete substitution of the Maria Theresa thaler.²²⁹

Alberto Pollera believed, with other Italian administrators, that the circulation of the Maria Theresa thaler was detrimental to national prestige: the presence of a foreign coin and its quasi-legal acceptance in Ethiopia conveyed the message of the economic supremacy of these two nations over Italy.²³⁰ Nevertheless, the reason why there were so many thalers in circulation in the first place was the large quantity of coins introduced by the Italians during the first decades of the occupation. According to Pollera, the solution lay not in attempting to substitute the MTT, but rather in limiting it through the prohibition of its import and exercising control on the currency exchange market.²³¹ Every effort needed to focus on the introduction of the fixed value decimal money. The circumstances were then favourable, as the War had stopped the import of new thalers. Moreover, a monetary agreement with France and the United Kingdom, the two other European powers exercising their influence in the neighbouring markets, could have avoided the issuing of a new substitute of the thaler.²³² In fact, the complete substitution of the thaler would have occurred only when its import in

²²⁷ *Ibid.*, 509.

²²⁸ *Ibid.*, 510–11.

²²⁹ *Ibid.*, 512–13.

²³⁰ *Ibid.*, 517.

²³¹ *Ibid.*, 519.

²³² *Ibid.*

the bordering markets was prohibited.²³³ In this first publication there also emerged some attention to the role of money as a “statement [...] of sovereignty”, recalling the statements Mariani wrote in his report two years later. As was discussed in the previous section, in those years (colonial) money was becoming more of a vehicle for identity and imperial ideology, probably encouraged by the outbreak of the First World War and the resurgence of nationalistic sentiments.²³⁴ With Pollera, however, the ethnographic elements and the attention to the local consequences of the circulation of the thaler (and of its success) were prevalent, at least at this stage.

A second essay by Pollera that is relevant to this analysis is titled *La vita commerciale etiopica e la circolazione commerciale Eritrea*, and was published in 1926. Pollera moved from Eritrea to Ethiopia in the role of a commercial agent of the Italian colonial government in 1917, first in Dessie and then in ‘Adwa. His essay was the first result of his studies and observations during his period in Ethiopia.²³⁵ The essay is a collection of notes he took while visiting Ethiopian markets. Its aim was to stress the importance of Ethiopian commerce for the Eritrean economy, at a moment when Governor Jacopo Gasparini was trying to expand the Italian economic and political influence beyond the colony’s borders. This essay is characterised by Pollera’s attention to the historical contingencies of the institutions he is describing. Even the problems related to the circulation of the thaler are preceded by a historical introduction about its diffusion in the region.²³⁶ Together with significant historical depth, his geographically broad focus also allowed him to explain the reasons and the consequences of the shortage of Maria Theresa thalers in the region during the First World War, and to formulate hypotheses about the future of monetary circulation in the region.²³⁷ The same ideas and proposals from his first essay are expressed in the new publication. However, the broadening of the geographical focus, together with the time that had passed since his last publication on the topic,

²³³ *Ibid.*, 512.

²³⁴ Helleiner, ‘The Monetary Dimensions of Colonialism’, 22–24; Helleiner, *The Making of National Money*, 180–82.

²³⁵ Sòrgoni, *Etnografia e colonialismo*, 107.

²³⁶ His historical analysis is extended to Ethiopia too, and to the reasons behind the failure of Mənilək II’s attempt to supplant the Maria Theresa thaler. An interesting point is the Ethiopian belief that the Mənilək’s thaler was the currency with which the foreigners were buying the country. See Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*, 28–32.

²³⁷ *Ibid.*, 70–71.

allowed Pollera to give an updated version of the situation of the monetary circulation in the region, describing the recent failure of the newly issued *tallero d'Italia*, the complete disappearance of the Eritrean thaler, and the temporary introduction of banknotes in the colony during the War.²³⁸ Pollera reaffirmed that “in a country with a system of payments in kind, like Ethiopia, the commodity money will always beat other forms of money”. However, the desired changes would arrive with time because “long is every ‘action’ among people whose nature is ridiculously conservative”.²³⁹ In fact, “in Ethiopia, where the only currency is the Maria Theresa thaler, regardless of every belief about the [higher] intrinsic value of the new coin, the indigenous will keep on preferring, in fact demanding, the old money, which they know has more purchasing power than the other in our markets”.²⁴⁰ With this publication, Pollera’s gaze had become historically and geographically wider, and took into account the Italian political and economic aims. It was further sustained by his recent experience as a commercial agent in Ethiopia.

The final time Pollera wrote about monetary problems in the colonies was 1938, when he published again on the topic in another journal, the *Rassegna Italiana*.²⁴¹ The historical context of this publication is completely different from that of the previous one. As we saw in the second section of this chapter, in 1935 Mussolini obtained the monopoly for the minting of the MTT from Austria. Moreover, the Italian forces had completed the invasion of Ethiopia in 1936, but without managing to establish firm control of the territory. The Maria Theresa thaler had been used to finance the war, and the problem of its unrestrained circulation came back stronger than ever, as it was now a concern for the entire Italian East Africa.²⁴² Meanwhile, at the end of his career, Pollera had been appointed to the Government Library in Asmara. From 1937, he also worked as advisor for Governor Giuseppe Daodiace for the study of the political systems of Ethiopia.²⁴³ Pollera’s final article was far shorter than the other two analysed here, and the same historical information is summarised in the first part

²³⁸ *Ibid.*, 64, 68.

²³⁹ *Ibid.*, 78.

²⁴⁰ *Ibid.*, 73.

²⁴¹ Pollera, ‘Il problema del tallero’.

²⁴² See the ‘Conclusion’ of this thesis.

²⁴³ Sòrgoni, *Etnografia e colonialismo*, 198.

of it. In this article, Pollera appears less involved in the collection of first-hand data and confessed that he did not know what the monetary plans of the government were. This was because after Italy had acquired the right to mint the MTT from Austria, even other European powers, such as Great Britain and France, had started to mint and use the MTT for their purposes.²⁴⁴ It can be seen in this article that the tropes of national prestige came back, especially with Pollera's references to the ancient success of the thalers of Venice and role of Italian merchants from Trieste (which was once part of the Austrian Empire) in the diffusion of the Maria Theresa thaler in the Red Sea region.²⁴⁵ Finally, his last proposal for a new issue of the *tallero d'Italia* and the gradual withdrawal of the Maria Theresa thaler appears surprisingly far-removed from his remarks about the impossibility of cancelling tradition by decree. In an optimistic (and contradictory) final remark he asked: "How would [the Maria Theresa thaler] persist in Italian Ethiopia, when the indigenous people realise that they have nothing to lose in accepting the *tallero d'Italia*?"²⁴⁶ The several articles that Pollera published in the last period of his life share similar features: they are short, informative and educational articles in which Pollera summarised subjects that he had already extensively addressed in earlier work.²⁴⁷ This trend started after he was asked not to publish without the approval of the fascist regime, being a colonial officer employed by the Ministry of the Colonies.²⁴⁸

The biography of Francesco Saverio Caroselli is almost the opposite of that of Alberto Pollera. Starting as a civil servant at the Ministry of the Colonies in 1912, he had already been chief of staff for Undersecretary Piero Foscari when he was sent to Tripoli for the first time in 1917. Unlike Pollera, he reached the highest levels of the administrative career, becoming Governor of Somalia in 1937.²⁴⁹ For this reason, a top-down approach characterises his writings about the colonial monetary systems. Caroselli approached the colonial "monetary problem" for the first time writing about the monetary

²⁴⁴ Pollera, 'Il problema del tallero', 68.

²⁴⁵ *Ibid.*, 65.

²⁴⁶ *Ibid.*, 69.

²⁴⁷ Sòrgoni, *Etnografia e colonialismo*, 219.

²⁴⁸ *Ibid.*, 160–61, 212.

²⁴⁹ Further investigation regarding Francesco Saverio Caroselli can be made by studying his private documents held at the ASDMAE, ASMAI IV, Fondo Caroselli. Unfortunately, it has not been possible to access the documents due to the restrictions implemented in response to the Covid-19 pandemic.

system of Somalia, when he was secretary for the Governor of Somalia Carlo Riveri, in 1922. In this first article, he acknowledged that it was not possible to deal with the topic without taking into account the disruption brought by the War to the monetary system of the colony, notwithstanding the efforts to apply a “scientific” solution to its problems in the past.²⁵⁰ In another article written in 1931 in *L'Oltremare*, he concluded that the state of the monetary circulation in the colonies was not the result of the application of “scientific assessments or theoretical principles”, but instead dismissed it as the result of historical contingencies.²⁵¹ However, this article already contained the seed of the classification of the monetary systems of the colonies that he finally systematised in a collection of writings he published in 1941.²⁵² In the last year of the existence of Italian East Africa, Francesco Caroselli, reviewed the Italian achievements regarding monetary policies in the colonies. Caroselli especially emphasised the attention that the authors of the various studies and reports on the monetary systems of Italian east African colonies (such as Petazzi, Carboneri and Rossetti) had for the political aspects of the Maria Theresa thaler “problem”. According to Caroselli, the reason for the failures was the lack of knowledge about the development conditions of the colonies. For this purpose, he prepared an evolutionary ladder in the introduction of his essay. The evolutionist model was organised according to the “degree of evolution” of a colony monetary system, the historical past of the colony, and its geographical position.²⁵³ The influence of the broadly accepted racist theories of the time on Caroselli’s theory can be summarised in his statement that each society accepted a particular monetary system according to its “stage of development”. A result of this is the hasty definition of the Maria Theresa thaler as a “commodity money”, one step above the barter system, emphasising

²⁵⁰ Francesco Saverio Caroselli, ‘Il sistema monetario in rupie nella economia e nella finanza della Somalia Italiana’, *Giornale degli Economisti e Rivista di Statistica* 63, no. 33 (1922): 364–80.

²⁵¹ Francesco Saverio Caroselli, ‘La nostra politica monetaria nelle colonie dell’Africa Orientale’, *L'Oltremare* 5, no. 5 (1931), 211.

²⁵² Caroselli, ‘Politica Monetaria Coloniale’. In the chapter about the colonial monetary systems that he included in his *Scritti Coloniali*, Caroselli developed a framework for the classification of colonial monetary systems, applying it to the Italian colonies and merging the old article with a later paper he published in 1932: ‘Le vicende monetarie nell’Eritrea e nella Somalia Italiana’, *Rassegna Economica delle Colonie* 20, 9–10 (1932), 1049–72. The chapter is a reprint of his paper presented at the First congress of colonial studies held in Florence in 1931; Congresso di studi coloniali, ed., *Atti del Primo congresso di studi coloniali*, 6. Sezione 5: Economica, agraria. (Florence, 1931), 314–331, 358–378.

²⁵³ Caroselli, ‘Politica monetaria coloniale’, 201.

the importance of the intrinsic value of the coin.²⁵⁴ According to the author, this categorisation was fundamental in producing any effective monetary policy in the colonies.

In introducing his account of the history of the monetary reforms of the Italian colonies, Caroselli recalls and binds together the transactional costs and the ideological reasons that caused the Italians to attempt the substitution of the Maria Theresa thaler:

For the Italian national sentiment, particularly sensitive at that time when the armed conquest of the country was being completed, the idea of making use of a coin bearing on the rear the threatening two-headed eagle was repulsing, [as it] was coined by that foreign State with whom we were hatefully bound because of the recent subjugation. For the (strictly bureaucratic) administrative traditions and the financial system that we brought from the riverbanks of the Tiber to the shores of the Red Sea, it could not do other than appear as heretic to record the expenses and manage financial statements in thalers, lacking a stable and legal value, and which was instead fluctuating and unstable due to the price of silver in the market.²⁵⁵

When, on the eve of the Italian defeat in East Africa, the British started envisioning the “monetary problem” of the Maria Theresa thaler in the formerly Italian East Africa, the same categories once employed by the Italian administrators appeared in British reports. In a note penned by the British Secretary of the Treasury, Ernest Rowe-Dutton, we can read the same considerations made by the authors presented in this chapter.²⁵⁶ The Maria Theresa thaler had a fixed quantity of silver, and its value varied according to fluctuations in the price of silver. In order to economically develop Ethiopia, it was necessary to introduce a more stable medium of exchange. The priority consisted in finding a new unit of account (which Rowe-Dutton called “negus”, like the Ethiopian king, for “convenience”)

²⁵⁴ A similar tendency is shown by Ofonagoro for British West Africa. The colonial administrator tended to over-emphasise the intrinsic value of local forms of money, thus giving the impression of the introduction of a colonial monetary system where there was no more than a barter system before. See Walter I. Ofonagoro, ‘From Traditional to British Currency in Southern Nigeria: Analysis of a Currency Revolution, 1880-1948’, *The Journal of Economic History* 39, no. 3 (1979): 637.

²⁵⁵ Caroselli, ‘Politica Monetaria Coloniale’, 204.

²⁵⁶ TNA FO 371/27513, Funds for Abyssinian campaign – funds for Emperor – supply of Maria Theresa dollars 1941, f. 233, note from Rowe-Dutton, 1st May 1941.

with “a suitable – and fixed – external link” for external transactions. The Maria Theresa thaler would have been used on the domestic market, free to float in terms of the new currency. As had been once proposed by Petazzi, Rowe-Dutton suggested pegging the value of the new currency to the pound, given the influence that the British currency had in regional markets. The intent of this proposal is perfectly summarised by Rowe-Dutton himself in a short sentence: “scrapping the anachronism of the [Maria Theresa thaler]”. The term “anachronism” brings to mind the Italian evolutionary models which dismissed the thaler as a simple “commodity money”, and hence only one step above the barter system. However, it would prove to be an unfitting description of the Maria Theresa thaler. The MTT would continue circulating in the region, sometimes as legal tender, until the 1970s. It would also play its part in the “silver bubble” which culminated in March 1980.²⁵⁷

Recalling Stoler’s assertion that “colonial cultures were never direct translations of European society planted in the colonies”,²⁵⁸ in this chapter I sought to represent the complexity behind the Eritrean monetary system through the description of two compositional processes. One was the composition of a “colonial monetary system”, the other was the compositional construction of “colonial knowledge” that was necessary for Italian administrators to study this system and design a new one. The description of the two processes clearly shows that the “construction” of a colonial monetary system was not a simple imposition of a policy produced in Europe and applied in the colonies.

The description of the first process was useful to show the results of the discussions that were presented in this chapter, their translation into policies, and the interaction of these policies with local and global contingencies. The description of the sequence of different monetary reforms also helps to shed a light on the reasons behind the failure of the various attempts at reform.

In the second part of the chapter we saw the process of composition of a “colonial knowledge” at work, through the dialogue that Italian officers and scholars maintained between each other, their operational contexts, and broader networks of exchange of knowledge, such as the European

²⁵⁷ Tschoegl, ‘Maria Theresa’s Thaler: A Case of International Money’.

²⁵⁸ Stoler, ‘Rethinking Colonial Categories’, 136.

conferences about the monetary systems of the colonies. Analysing these different documents, we have seen how from a prevalent attention paid to the commercial networks that shaped the Eritrean monetary system (Alamanni and Petazzi), cultural considerations appeared with the work by Carboneri. The necessity of developing new tools to deal with the monetary systems of the “old civilization”,²⁵⁹ was handed down from Rossetti to Luigi Mariani, who in turn conceived the new coin as a “spring for political influence” with the aim to instil respect for the nation that was issuing it.²⁶⁰ The design and issuing of the *tallero d'Italia* materialised Carboneri’s proposal of a “mixed” monetary system, more suitable to the “cultural level” of the colony.²⁶¹ However, it was only at the end of the Italian colonial empire that a systematisation of the monetary systems “ladder” was completed in the writings of Caroselli. Even though Pollera may have been influenced by such tendencies (or vaguely expressed them for political opportunity), his ethnographical attention is an exception. It shows that it was not possible to simply impose new institutions to guarantee the success of a monetary reform. His case is also interesting because his numerous publications (four of which were dedicated to the MTT and the monetary problems of Ethiopia and Eritrea) show how personal biography can represent a point of encounter of historical contingencies, personal experiences, and the rearrangement of previous “colonial knowledge”.

²⁵⁹ Rossetti, *Il regime monetario delle colonie italiane*, 10.

²⁶⁰ Mariani, *Il nuovo tallero italiano*, 4.

²⁶¹ Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, 24.

Chapter 2

Fighting for a “piece of bread”: Indigenous soldiers and wage labour in the Italian colony of Eritrea (1885-1907)

2.1 Introduction: Military labour and the Eritrean *ascaris*

Coins are made to be stored or exchanged by people. The monetary reforms illustrated in the previous chapter were not implemented in an empty space. For a coin to be accepted, it should be recognised as a trustable store of value, as well as a means of exchange, by the people that are meant to use it.¹ The way people spend or save money is closely related to the regime of value that permeates their lives, that is the cultural and social framework in which *things* are assigned a specific value. The *ascaris*² (singular “*ascari*”, indigenous soldiers) were the first colonial subjects to receive a wage from the Italian colonial government, hence they had been the first and the biggest group of people to be involved in the colonial monetary economy.³ Moreover, as already mentioned in the ‘Introduction’, the Italian colonial army can be considered to be one of the most important employers in Eritrea at that time, as well as constituting a means for social mobility.⁴ The works by Alessandro Volterra and Tekeste Negash⁵ provide an indication of the extent of the enrolment of indigenous

¹ Natalie Swanepoel, ‘Small Change: Cowries, Coins and the Currency Transition in the Northern Territories of Colonial Ghana’, ed. François G. Richard, *Materializing Colonial Encounters: Archaeologies of African Experience* (2015), 43.

² The word “*ascari*” (sometimes used in Italian in the singular form “*ascaro*”) comes from the Arabic “*al-‘Askar*” (and that from the Persian word “*Lashkar*”), meaning “the army” or “the soldiers”; see “*al-‘Askar*” in the *Encyclopaedia of Islam*, first edition (1913-1936), ed. M. Th. Houtsma, T. W. Arnold, R. Basset and R. Hartmann. In this chapter I have used the spelling that is commonly found in scholarly sources. In such sources, the form ending in “*i*” was used both in the singular and in the plural. For the sake of clarity, I will add an “*s*” for the plural (*ascaris*).

³ Stefano Bellucci and Massimo Zaccaria, ‘Wage Labor and Mobility in Colonial Eritrea, 1880s to 1920s’, *International Labor and Working-Class History* 86 (2014): 89–106.

⁴ Alessandro Volterra, ‘Mercenari, guerrieri, fedelissimi. Percezione delle truppe coloniali eritree’, in *La conquista dell’Impero e le leggi razziali tra cinema e memoria*, ed. Carlo Felice Casula, Giovanni Spagnoletti, and Alessandro Triulzi, *Archivio Audiovisivo del Movimento Operaio e Democratico. Annali* (Rome: Effigi, 2020), 58.

⁵ Tekeste Negash, *Italian Colonialism in Eritrea, 1882-1941: Policies, Praxis, and Impact*, Acta Universitatis Upsaliensis: Studia Historica Upsaliensia (Uppsala: Uppsala University; Almqvist & Wiksell, 1987), 48–51.

soldiers in the Italian army.⁶ When the *Regolamento di disciplina per le truppe indigene d'Africa*⁷ was issued in 1893, the Italian indigenous corps⁸ was made up of 3,613 volunteers.⁹ This number doubled by the time of the Battle of 'Adwa, with the establishment of four more battalions.¹⁰ It was reduced to 4,060 units in 1900, and again to 3,224 (four battalions) by 1902.¹¹ Even though this number represents one per cent of an estimated total population of around 300,000,¹² it is significant compared to that of the indigenous troops of much bigger colonial empires at the time. For example, the Nigerian regiment of the West African Frontier Force (WAFF) consisted of about 5,000 men in peacetime, and the King's African Rifles (KAR) in East Africa numbered 2,440 in 1913. It was only during the World Wars that the colonial armies of the British and French empires reached a number exceeding 10,000 units.¹³

These numbers also show that indigenous soldiers from African colonies have often been the backbone of European imperialism: from small garrisons protecting European businesses on the

⁶ Uoldelul Chelati Dirar, 'Truppe coloniali e l'individuazione dell'African agency. Il caso degli ascari eritrei', *Afriche e Orienti* 9, 1 (2007), 49.

⁷ The *Regolamento di disciplina* issued in 1893 was the first set of rules for indigenous soldiers, and also regulated some aspects of the everyday life of the indigenous soldiers. It was the base for all the subsequent regulations concerning indigenous troops. See section 2.3 in this chapter, as well as Massimo Adolfo Vitale, *L'Italia in Africa: Serie storico-militare*, vol. 1 (Rome: Istituto poligrafico dello Stato, 1960), 98.

⁸ I have chosen to use the terms "corps" or "troops" because an Italian indigenous "army" was never created. An attempt was made by Mussolini, with the project of an *Armata Nera* ("Black Army") made of 300,000 indigenous troops; however, this was never fully realised. See Alessandro Volterra, *Sudditi coloniali: ascari eritrei 1935-1941* (Milan: F. Angeli, 2005), 111 and note 152, p. 159.

⁹ Archivio Storico Diplomatico del Ministero degli Affari Esteri (ASDMAE), Archivio Eritrea (AE), pacco 152, 'Studi e proposte, Governo dell'Eritrea. Riassunto dei dati sui graduati ed ascari dei reparti indigeni', 22 June 1893.

¹⁰ For more on the establishment in 1895 of four further battalions, see Marco Scardigli, *Il braccio indigeno: Ascari, irregolari e bande nella conquista dell'Eritrea, 1885-1911* (Milan: F. Angeli, 1996), 141–43. A detailed table summarising the composition of Italian colonial forces at the time of the battle of 'Adwa can be found in Emilio Bellavita, *La battaglia di Adua: I precedenti - La battaglia - Le conseguenze (1881-1931)* (Genoa: I Dioscuri, 1988), 434–36.

¹¹ Camera dei Deputati, *Relazione sulla Colonia Eritrea del R. Commissario Civile Deputato Ferdinando Martini per gli esercizi 1902-1907*, vol. 2 (Rome: Tipografia della Camera dei Deputati, 1913), 47.

¹² In 1899, a first census reported a total of 333,000 people. A more accurate census was conducted in 1905, reporting 274,944 people. In his presentation to the Italian Parliament, Governor Martini stressed that the data were not precise, because they had been provided by local chiefs and also because of the presence of nomadic pastoralist people. *Ibid.*, 43.

¹³ David Killingray, 'Guardians of Empire', in *Guardians of Empire: The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David Omissi (Manchester and New York: Manchester University Press, 1999), 10. From 1912, the French introduced conscription in West Africa; for data on the growth of the *Tirailleurs sénégalais*, see Myron J. Echenberg, *Colonial Conscripts: The Tirailleurs Sénégalais in French West Africa, 1857-1960* (London: Currey, 1991), 7. From 1912, a growing number of indigenous volunteers were recruited to support the Italian invasion of Libya. However, one third of the battalions were made up of recruits coming from beyond the borders of the colony (especially Ethiopia and Yemen), and these were commanded by Eritrean NCOs. It was only from 1935 that a more aggressive recruitment campaign was organised in Eritrea with the help of local chiefs, in preparation for the invasion of Ethiopia. The number of recruits coming from beyond the borders would sharply rise in the following years, and that of Eritrean soldiers in service was approximately 55,000 to 70,000 between 1935 and 1941. Volterra, *Sudditi coloniali*, 48–49, 52–55, 85. See also Vitale, *L'Italia in Africa*, 133–35.

African coasts, to auxiliary troops during the Scramble for Africa, to the employment of African soldiers on European battlefields during the World Wars. Disease and challenging environmental conditions for European soldiers, together with transportation and maintenance costs, led to the decision to employ indigenous soldiers for the heaviest military and administrative tasks wherever Europeans started to lay the foundations of their overseas empires.¹⁴ With specific reference to the Italian colonisation of East Africa, besides diseases and the difficulties of the terrain, economic factors were essential in convincing the Italian government that the recruitment of indigenous soldiers was the best option for securing their imperial conquests.¹⁵ An *ascari* of the *Regio Corpo Truppe Coloniali* (RCTC)¹⁶ was paid less than an Italian soldier and, by recruiting him on the spot, the costs for the mobilisation of metropolitan troops were saved.¹⁷

For this reason, focusing on the history of indigenous colonial troops is not only a matter of military history. Especially for Eritrea, it can be an important contribution to the history of labour. Moreover, as Karin Pallaver shows in her study on colonial currencies and labour relations in colonial Kenya, focusing on labour relations in colonial Africa can provide information about the way money was earned, spent and saved by African workers.¹⁸ This information can be used to clarify to what extent colonial governments managed to integrate their colonial subjects into colonial economies and financial systems, and at the same time promote the use of colonial currency. In this chapter I will focus on the history of indigenous colonial soldiers recruited by the Italians after their arrival in

¹⁴ Charles John Balesi, *From Adversaries to Comrades-in-Arms: West Africans and the French Military, 1885-1918* (Waltham, MA: African Studies Assn./Crossroads Press, 1979), 1; David Killingray, 'Guardians of Empire', in *Guardians of Empire: The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David Omissi (Manchester and New York: Manchester University Press, 1999), 7; Joël Glasman and Michelle Moyd, 'Military and Police', in *General Labour History of Africa*, ed. Stefano Bellucci and Andreas Eckert (Boydell & Brewer, 2019), 338.

¹⁵ In 1895, Baratieri's victory against Ras Mängäša cost 500,000 lire, a price compared to that of a house in an unspecified area of London by writers of the time. See Raymond Jonas, *The Battle of Adwa: African Victory in the Age of Empire* (Cambridge, MA: Harvard University Press, 2011). For more on the economic factors leading to the employment of African troops, see Killingray, 'Guardians of Empire'.

¹⁶ The term "Regio Corpo Truppe Coloniali" (abbreviated RCTC) was introduced with the *Oridinamento organico della Colonia Eritrea* in 1902. It included indigenous troops and Italian troops serving in the colonies. See "Regio Decreto 30 marzo 1902" in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 4 (Rome: L'Universelle, 1914), 893.

¹⁷ See for example Vitale, *L'Italia in Africa*, 71. Similar considerations regarding the wages of soldiers were true for the rank-and-file of other colonial corps as well. For example, in 1900, employing a *Tiralleur sénégalais* was half the cost of a French marine infantryman, and a soldier of the Indian army was one quarter the cost of a British soldier. See Killingray, 'Guardians of Empire', 7.

¹⁸ Karin Pallaver, 'Paying in Cents, Paying in Rupees', in *Colonialism, Institutional Change and Shifts in Global Labour Relations*, ed. Karin Hofmeester and Pim de Zwart (Amsterdam University Press, 2018), 295–326.

Massawa in 1885. First, I will describe the labour relations existing before Italian colonisation. I will then focus on how Italian authorities regulated the recruitment of indigenous soldiers, who were employed in the occupation of the area, and that served at the Italian defeat at ‘Adwa. Finally, the remainder of the chapter will focus on the ways veterans employed during the colonial occupation spent or saved the wealth they had accumulated during their service in the Italian army.

In 2014, a special issue of *History in Africa* was dedicated to the employment of the methodology elaborated by the “Global Collaboratory on the History of Labour Relations 1500–2000”¹⁹ in order to study labour relations in Sub-Saharan Africa.²⁰ The aim of the issue was to stress the contribution of African labour history in understanding global labour history, especially because in the history of the continent we can observe a unique combination of labour relations.

In 2019, on the occasion of the centenary of the foundation of the International Labour Organisation (ILO), the publication of a *General Labour History of Africa* made a significant addition to the debate.²¹ This book aims to move the focus to how people make and made their living beyond wage labour, and at the same time overcome the dichotomy between free and unfree labour, by looking at the history of labour in Africa as a combination of different forms of labour relations.²² As the volume shows, among the topics that have been overlooked by historians, is undoubtedly military labour.²³ Joël Glasman and Michelle Moyd distinguish between “free” wage army labour and conscript labour of the Second World War.²⁴ Still, as the authors underline, even where colonial

¹⁹ ‘The Global Collaboratory on the History of Labour Relations 1500–2000’ is coordinated by the International Institute of Social History (IISH) in Amsterdam, and aims at drafting a global inventory of types of labour relations, in order to analyse major shifts in the global history of labour. See <<https://collab.iisg.nl/web/labourrelations/>> (accessed 31 March 2021).

²⁰ Karin Hofmeester, Jan Lucassen and Filipa Ribeiro da Silva, ‘No Global Labor History without Africa’, *History in Africa* 41 (2014): 249–76.

²¹ Stefano Bellucci and Andreas Eckert, eds., *General Labour History of Africa* (Boydell & Brewer, 2019), 9. On global labour history see, among others, Karin Hofmeester and Marcel van der Linden, *Handbook the Global History of Work* (Berlin, Boston: Gruyter Oldenbourg, 2018). In that same volume, see the chapter by Bill Freund, ‘Sub-Saharan Africa’, 63–81. For a review of the historiography of labour history in Africa, see Frederick Cooper, ‘African Labor History’, in *Global Labour History: A State of the Art*, edited by Jan Lucassen (Bern: Peter Lang, 2006), 91–116.

²² Andreas Eckert, ‘Wage Labour’, in *General Labour History of Africa*, ed. Stefano Bellucci and Andreas Eckert (Boydell & Brewer, 2019), 10, 23. In the same volume see Frederick Cooper, ‘The “Labour Question” in Africa and the World’, 624.

²³ Glasman and Moyd, ‘Military and Police’, 333–60.

²⁴ *Ibid.*, 335.

armies were built through voluntary enlistment, other subtle forms of coercion can be identified.²⁵

Even if military labour has only in part been analysed within the broader framework of labour history, the literature on the employment of African soldiers by European armies is quite rich. Many studies offer useful insights on the social impact of colonial troops in Africa, as well as in Europe. The essays contained in the book *Guardians of Empire* deal with various topics, from gender and health issues to alcohol consumption and the employment of colonial soldiers in European wars. Edited by David Killingray and David Omissi, the book features examples from Africa, Asia and Latin America.²⁶ This is the first collection on the topic to include examples from such a wide geographical range, even if most of the examples deal with the British Empire. In his introduction, Killingray emphasises that indigenous troops were not only useful to control the imperial territories, but also to support expansionist imperial wars elsewhere or to provide more men to fight in European wars.²⁷ The employment of Indian troops like a “fire brigade” all over the British Empire, is just one example. In fact, after the initial expensive (and sometimes disastrous) employment of European troops in the first campaigns of colonial conquests, all European colonial powers resorted to the recruitment of less expensive indigenous soldiers.²⁸ The chapter by Kirsten Zirkel investigates the German colonial troops (*Schutztruppen*) that have been previously overlooked by historians. Even if they were low in numbers (never more than 6,500), the *Schutztruppen* were nonetheless influential in German colonial policy.²⁹ They were the most important budget item for colonial administrations,³⁰ and the great power of the military produced a militarisation of colonial policy.³¹ Eritrea remained a military administration for the first twelve years of Italian presence, too. This clearly resulted in a

²⁵ *Ibid.*, 337.

²⁶ Killingray and Omissi, *Guardians of Empire*.

²⁷ Killingray, ‘Guardians of Empire’, 3.

²⁸ This was true at least until the 1930s and 1940s, when improvements in European medicine and the development of a transportation infrastructure made the employment of European troops in the colonies easier. See Killingray, ‘Guardians of Empire’, 7–8.

²⁹ Kirsten Zirkel, ‘Military Power in German Colonial Policy: The Schutztruppen and Their Leaders in East and South-West Africa, 1888-1918’, in *Guardians of Empire: The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David Omissi (Manchester and New York: Manchester University Press, 1999), 91.

³⁰ *Ibid.*, 97.

³¹ *Ibid.*, 98. The burden of military expenses on local budgets and the exclusive power of the military also characterised the first decades of the Italian occupation of Eritrea. See for example Gian Luca Podestà, *Sviluppo Industriale e Colonialismo. Gli Investimenti Italiani in Africa Orientale 1869-1897* (Giuffrè, 1996), 204–5, 243–44.

steep increase in military expenses and a limited number of investments in productive sectors. In the same volume, Timothy Parsons³² and David Killingray³³ each employ a social history perspective and stress an important aspect that has largely been neglected by historians of colonial armies: the role of families and, in particular, of women in the life and social economy of colonial armies.³⁴ Parsons focuses on the family policies of the British King's African Rifles (KAR), that, initially, were only lightly regulated by the colonial governments. The KAR were only "encouraged" to be "lawfully married", but were free to choose any woman as their "military wife".³⁵ In particular, Parsons addresses the role of African soldiers' children.³⁶ As will be discussed below, Italian military authorities regulated the presence of soldiers' families by creating the so-called *campi-famiglia* ("family camps"). The *campi-famiglia* were encampments for the *ascaris* where each family was assigned a place. The *ascaris* had to build a house by themselves, using materials available on-site, and following the model of the local hut which was defined "tucul" in Italian sources.³⁷

Similarly to the case study analysed by Parsons, the children of the *ascaris*, or *diavoletti*,³⁸ grew up in military camps and as adults became soldiers themselves. A relevant point studied by Parsons (that this chapter will consider for the Italian case) is the impact of wages on social and family relationships in the villages from which soldiers originated. Enriched soldiers could challenge the power of their elders by using their resources to pay the bride-wealth price which was highly inflated after the Second World War.³⁹

³² Timothy Parsons, 'All Askaris Are Family Men: Sex, Domesticity and Discipline in King's African Rifles, 1902-1964', in *Guardians of Empire: The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David E. Omissi (Manchester: Manchester University Press, 1999).

³³ David Killingray, 'Gender Issues and African Colonial Armies', in *Guardians of Empire: The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David E. Omissi (Manchester: Manchester University Press, 1999).

³⁴ Killingray, 'Gender Issues and African Colonial Armies', 223.

³⁵ Parsons, 'All Askaris Are Family Men', 158.

³⁶ *Ibid.*, 173-74.

³⁷ Uoldelul Chelati Dirar, 'From Warriors to Urban Dwellers: Ascari and the Military Factor in the Urban Development of Colonial Eritrea', *Cahiers d'études Africaines* 175 (2004): 11. Pictures of a "tucul" can be found in Rosalia Pianavia Vivaldi, *Tre anni in Eritrea*, (Tipografia Editrice L. F. Cogliati: Milan, 1901), 34-35.

³⁸ *Diavoletti* ("little devils") was the name Italian officers used to refer to the children of the *ascaris* in the *campi-famiglia*. According to Pianavia Vivaldi the term comes from the translation of the Arabic word "javolet". As suggested by Chelati Dirar, it is however likely that she was referring to the Arabic word "walad" (pl. *awlad*, boy/boys). See Pianavia Vivaldi, *Tre anni in Eritrea*, 34; Chelati Dirar, 'From Warriors to Urban Dwellers', n. 78.

³⁹ Parsons, 'All Askaris Are Family Men', 167-68.

Myron Echenberg's approach to the study of the conditions of work and life for the *Tirailleurs sénégalais* is also informed by social and labour history methodologies.⁴⁰ In order to face the scarcity of archival sources on the personal and family lives of conscripts, Echenberg suggests reading between the lines to capture pieces of information regarding demography, skill levels, gender and family life, and wages in "an effort to understand how the African military lived". His analysis encompasses all the historical phases the *Tirailleurs sénégalais* underwent, from their formal recognition in 1857 to independence, with a focus on the memories and the political role of veterans.

The volume by Anthony Clayton and David Killingray, *Khaki and Blue*, offers a valuable source of information on British military and police forces in African colonies.⁴¹ Apart from providing some general information on the organisation of military forces, Clayton and Killingray provide a summary of British sources dealing with the everyday life of both European and African soldiers. The book, however, does not focus on the role of wages and pensions in shaping African soldiers' military and social lives.

The works discussed so far focus especially on the impact of recruitment and the organisation of colonial armies on soldiers' lives and the societies to which they belonged.⁴² Another body of literature focuses on veterans and the impact of demobilisation, but very little is known about the introduction of welfare measures or subsidies in favour of demobilised soldiers in colonial sub-Saharan Africa.⁴³ Recent work by Carina Schmitt, however, is an exception.⁴⁴ She focuses on French West Africa, showing how the introduction of welfare measures for veterans after War World Two paved the way for broader social reforms in colonial societies.

The early history of African troops in Italian colonies bears many similarities to other colonial

⁴⁰ Echenberg, *Colonial Conscripts: The Tirailleurs Sénégalais in French West Africa, 1857-1960*.

⁴¹ Anthony Clayton and David Killingray, *Khaki and Blue: Military and Police in British Colonial Africa* (Athens, OH: Ohio University, 1989).

⁴² See also David Killingray, 'Repercussions of World War I in the Gold Coast', *The Journal of African History* 19, no. 1 (1978): 39–59; David Killingray, 'Military and Labour Recruitment in the Gold Coast During the Second World War', *The Journal of African History* 23, no. 1 (January 1982): 83–95.

⁴³ David Killingray, 'Soldiers, Ex-Servicemen, and Politics in the Gold Coast, 1939–50', *The Journal of Modern African Studies* 21, no. 3 (September 1983): 523–34.

⁴⁴ Carina Schmitt, 'The Warfare–Welfare Nexus in French African Colonies in the Course of the First and Second World War', *Historical Social Research/Historische Sozialforschung* 45, no. 2 (issue 172, 2020): 217–38.

armies in Africa. Initially, the Italians recruited indigenous bands of warriors (*bande*) as auxiliary troops of Italian expedition corps. Soon, however, economic and strategic advantages derived from a more permanent employment of indigenous soldiers led to the regularisation of those units.⁴⁵ The role of African soldiers was predominantly that of rank and file. Non-commissioned officers (NCOs) were chosen from amongst those indigenous troops who could speak Italian.⁴⁶ On the other hand, the Italian colonial army never saw an African officer in its ranks.⁴⁷ This was also largely the case for the British colonies, as it was only in 1942 that the first African was appointed as officer in the British military.⁴⁸ In contrast, the French equalised the *officier indigène* and the *officier français*, with the same power to command lower rank French officers in battle.⁴⁹

With specific reference to Eritrea, early historians tended to treat the history of indigenous soldiers as only one of the many aspects of Italian colonialism.⁵⁰ However, from the 1990s, studies focusing on the *ascaris* in military history,⁵¹ cultural history,⁵² and social history⁵³ started to blossom and expand. Similarly to the studies mentioned above, these studies covered the social history of the *ascaris* and the impact of their recruitment on Eritrean society, including the impact of recruitment

⁴⁵ An exception is represented by the German *Shutztruppen* which were never officially integrated into the German army. See Zirkel, 'Military Power in German Colonial Policy: The Schutztruppen and Their Leaders in East and South-West Africa, 1888-1918'.

⁴⁶ Killingray, 'Guardians of Empire', 16. For the Italian case, see Vitale, *L'Italia in Africa*, 1, 97.

⁴⁷ Even if the *jus-basci* rank (which was inherited from the Egyptian army) was comparable to that of a major, the Italian regulations worked toward complete separation of the indigenous grades from the Italian army grades, so that an indigenous officer could never have any authority over metropolitan troops. See Vitale, *L'Italia in Africa*, 96.

⁴⁸ Clayton and Killingray, *Khaki and Blue*, 160.

⁴⁹ Balesi, *From Adversaries to Comrades-in-Arms*, 51.

⁵⁰ Tekeste Negash, *Italian Colonialism in Eritrea, 1882-1941: Policies, Praxis, and Impact*, Acta Universitatis Upsaliensis: Studia Historica Upsaliensia (Uppsala: Uppsala University; Almqvist & Wiksell, 1987). Amanuel Sahle first addressed the theme of the recruitment of the *ascaris* by the Italian colonial government and its social impact from a postcolonial perspective, during the Eight International Conference of Ethiopian Studies, in 1984. Even if Sahle's brief overview is mainly based on published colonial sources and a few interviews, he also points at the influence that the enrolment in the colonial army had on Eritrean and Ethiopian oral tradition and folk songs. Amanuel Sahle, 'A Brief Historical Survey of the Ethiopian Askaris (Native Colonial Soldiers)', in *Proceedings of the Eight International Conference of Ethiopian Studies. Volume 1*, ed. Taddese Beyene (Addis Ababa: Institute of Ethiopian Studies, 1988).

⁵¹ Marco Scardigli, *Il braccio indigeno: Ascari, irregolari e bande nella conquista dell'Eritrea, 1885-1911*.

⁵² Massimo Zaccaria, *Anch'io per la tua bandiera: Il V Battaglione ascari in missione sul fronte libico (1912)*, 1 (Ravenna: Giorgio Pozzi editore, 2012); Massimo Zaccaria, 'Writing Letters from the Libyan Front', in *Themes in Modern African History and Culture: Festschrift for Tekeste Negash*, edited by Lars Berge and Irma Taddia (Padua: libreriauniversitaria.it, 2013).

⁵³ Uoldelel Chelati Dirar, 'Truppe coloniali e l'individuazione dell'African agency. Il caso degli ascari eritrei', 41-56; Chelati Dirar, 'From Warriors to Urban Dwellers'; Francesca Locatelli, "'Oziosi, Vagabondi e Pregiudicati": Labor, Law, and Crime in Colonial Asmara, 1890-1941', *The International Journal of African Historical Studies* 40, no. 2 (2007): 225-250; Alessandro Volterra, *Sudditi coloniali*.

on the urbanisation processes in the colony, the impact of the *ascaris* on colonial society, and their role in building a nationalist sentiment in Eritrea. However, none of these studies has investigated the impact of wage labour on *ascaris*' lives, nor on the ways in which they stored their wealth.

Marco Scardigli reconstructs the first phases of the participation of indigenous soldiers in Italian campaigns for the building of a colony on the Red Sea. From the recruitment of members of the Egyptian garrison to the involvement of local *bande* and the constitution of the first indigenous battalions, Scardigli highlights the role of indigenous soldiers in some of the most iconic battles of the first decades of Italian occupation. He also discusses the political use of their military roles in Italian public opinion.⁵⁴

Alessandro Volterra's work is the first systematic attempt to quantify the participation of Eritrean soldiers in the Italian colonial army.⁵⁵ The importance of his research is enhanced by his use of interviews with veterans and their relatives. These interviews add complexity to the analysis, which he combines with archival sources from the *Archivio dello Stato Maggiore dell'Esercito* (AUSSME). In Volterra's volume, light is shed on the consequences of the transition from a volunteer army to a conscription army—although never fully implemented in Eritrea—, the changing relationship between the *ascaris* and the colonisers after the issue of racial legislation in 1937, and the impact of the army on the inception of nationalistic ideals.

Massimo Zaccaria⁵⁶ has approached the history of the *ascaris* from the perspective of cultural studies, analysing the political use of the *ascaris* and their representations in Italy and Eritrea during the first years of the invasion of Libya. He focuses especially on the visit to Italy by the 5th Battalion of indigenous troops. They became a symbol through which Italian society built and conveyed ideas regarding race, gender, and the country's colonial role. Part of Zaccaria's research is the analysis of the means of self-representation used by the *ascaris*, such as songs, as well as the letters they were

⁵⁴ Scardigli, *Il braccio indigeno*.

⁵⁵ Volterra, *Sudditi coloniali*.

⁵⁶ Zaccaria, *Anch'io per la tua bandiera*.

encouraged to send back to Eritrea.⁵⁷ In 2013, Zaccaria revisited the topic of *ascaris*' private correspondence, as a way to show the diffusion of letter-writing beyond the sphere of official communication between local religious or political authorities and the colonial administrators.⁵⁸ It is possible to find some examples of letters written by Eritrean *ascaris*—either written “by delegation” or by the *ascaris* in person—even before the Libyan expedition. As we will see later in this chapter, these letters provide a source of on-the-ground information regarding the impact of military labour on *ascaris*' lives, as well as their strategies to store wealth.

Uoldelul Chelati Dirar has studied the impact of Eritrean *ascaris* and their families on the colonial landscape, from the *campi-famiglia* to town planning. He shows how they were co-opted as buffer figures between the colonisers and the colonised. The analysis of this last aspect helps to highlight the role of the *ascaris* in the creation of a post-colonial national elite.⁵⁹ Also interested in colonial urbanisation, Francesca Locatelli recognises the privileged position of the *ascaris* in the colonial administration, which in turn allowed the creation of an Eritrean “working class”.⁶⁰ Finally, Stefano Bellucci and Massimo Zaccaria use a labour history approach which centres on the relationship between mobility and wage labour as a “fundamental aspect of the capitalist system” in colonial Eritrea.⁶¹ The authors state that the Italian colonial regime contributed to the spread of free wage labour in the colony, especially through the recruitment of soldiers. The voids left by Eritrean youths enrolling for the Italian campaign in Libya was, according to the authors, the primary factor that boosted labour migration (for both military and non-military jobs) from neighbouring areas. As the authors state “directly or indirectly the [...] Eritrean colony [...] played an important part in the transformation of labor relations in the Horn of Africa, through the introduction of wage labor”. However, as I will argue in this chapter, the transition to a wage labour system was slow and non-

⁵⁷ Italian officers believed in the power of persuasion that the letters sent by *ascaris* in Libya could have on new potential recruits in Eritrea. See Zaccaria, *Anch'io per La Tua Bandiera*, 175–78.

⁵⁸ Zaccaria, ‘Writing Letters from the Libyan Front’, 218.

⁵⁹ Chelati Dirar, ‘From Warriors to Urban Dwellers’. Chelati Dirar is also the author of an overview of the historiography and the available sources for the study of the Eritrean *ascaris*; see Dirar, ‘Truppe coloniali e l'individuazione dell'African agency. Il caso degli ascari eritrei’.

⁶⁰ Locatelli, ‘Oziosi, Vagabondi e Pregiudicati’.

⁶¹ Bellucci and Zaccaria, ‘Wage Labor and Mobility in Colonial Eritrea, 1880s to 1920s’.

linear.

In this chapter, I will analyse the early history of military labour in Eritrea as the unfolding of “complex and shifting patterns of intersection”,⁶² without implying any teleological process towards the establishment of wage labour as the primary form of labour relations in the colony. To do so, I will first illustrate how labour relations in the region were configured before the arrival of the Italians. Then, I will introduce the policies that the Italians implemented to promote the creation and growth of their indigenous colonial troops, focusing on the ideas and prejudices that drove the issuing of the first forms of “social policies” for their indigenous troops. Finally, I will look at how a group of veterans of the First Italo-Ethiopian war used their wages, with special attention paid to the modalities and motivations for storing value.

The aim of this chapter is to throw further light on the impact of wage labour in the Italian colony of Eritrea. The analysis will contribute to the general aims of this dissertation by showing that the increase of enrolments in the colonial army during the First Italo-Ethiopian war was not enough to produce a swift “monetary revolution” in Eritrea. Some veterans were able to take advantage of the colonial labour relations and adapt wages and subsidies to their regimes of value.

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To highlight the complexity of the labour relations at work in the region, I will now describe the general labour context prior to the arrival of the Italians and the introduction of military wage labour, both on the coast and in the broader Ethiopian inland. On the coast, the *nā'ib*'s (local deputy of the Ottoman government) ruling families, working for the Ottomans, had set up a web of marriage alliances with the households of military commanders. The soldiers were bound to their commanders

⁶² Frederick Cooper, ‘From Enslavement to Precarity?’, in *The Political Economy of Everyday Life in Africa: Beyond the Margins*, ed. Wale Adebawale (Boydell & Brewer, 2017), 141.

through a tributary labour relation, and lived on the leftovers of the tributes collected by the *nā'ib*. On the highlands, the work of the soldier was deeply connected to the *rases* (singular *ras*; Ethiopian local rulers) and their ability to redistribute land and resources. In both cases, each kind of labour relation would change into the other according to environmental and political contingencies, and the boundaries between tributary and commodified labour were always blurred. In this context, the Italians soon realised they had to deal with cultural differences, also represented by the multiple use of different currencies for the payment of services and commodities. In their attempt to control the newly acquired territories without putting too much burden on the budget, they started to use the services of locally recruited soldiers, as well as those of local chiefs and their militias. In order to satisfy the needs of colonial expansion and to coordinate a growing number of recruits, they sought to integrate the indigenous soldiers into a bureaucratised military unit. At this stage, plans were not yet drawn for the financial colonisation of the Eritreans so as to force them into the colonisers' economic system. The aim of the commanders was to attract more recruits through the provision of a salary, a uniform, and a gun. The promotion of national prestige also depended on the ability of the colonial government to guarantee a "respectable" life to the veterans. Once back in their villages, their high standard of living, together with their prestige as former warriors, would have attracted more youths for enrolment. Thus, some subsidies for certain categories of discharged soldiers were introduced. The intense discussions regarding these policies reveal the coexistence of two different prejudices regarding the *ascaris*: first, of their "laziness", and second, of their inability to "put aside", i.e. to save money. The events described in this chapter will show that, when a deadly series of calamities hit the region, the youths showed adaptability and saw in the colonial army an opportunity to escape starvation and to provide support to their families.

The introduction of a waged military labour system was not only a consequence of Italian colonialism. It was also the slow and non-linear outcome of environmental and political circumstances, new opportunities, and individual strategies. In the last paragraph of the chapter, through the analysis of the correspondence between the *ascaris* and the colonial administration, we will see how some of the veterans chose not to bind themselves to government allowances, capitalised

their pensions, and invested them in farming and livestock. The letters I used to explore this topic are held at the *Archivio Storico del Ministero degli Affari Esteri* in Rome (the Historical Archive of the Ministry of Foreign Affairs, or ASDMAE), and can be found in the *Archivio Eritrea*. The importance of these documents is amplified by the scarcity of ego-documents for the history of African military labour. Moreover, they are particularly interesting as they tell us more about the later life of those *ascaris* who were captured and mutilated after the battle of ‘Adwa. In deciding to use these documents, I followed the suggestion of Irma Taddia, who was the first to draw attention to the existence of a substantial, even if scattered, private correspondence in Italian colonial archives.⁶³ This correspondence allows “many insights into colonised people and their life [...] that would be very difficult, and indeed impossible, to find in other available sources”.⁶⁴

Other sources used in this chapter include published colonial reports, official bulletins, Italian newspapers, and the war diaries of Italian veterans of the First Italo-Ethiopian War.

⁶³ Irma Taddia, ‘Ethiopian Source Material and Colonial Rule in the Nineteenth Century: The Letter to Menilek (1899) by Blatta Gäbrä Egzi’abehēr’, *The Journal of African History* 35, no. 3 (1994): 493–516; Irma Taddia, ‘Correspondence as a New Source for African History’, *Cahiers d’études Africaines* 40, no. 157 (2000): 109–34. Portions of the already-cited works by Massimo Zaccaria and Uoldelul Chelati Dirar have also recently shown the importance of correspondence among Eritreans in producing a more complex narrative of the relationship between colonisers and colonial subjects. Through a selection of letters in the Tetreña language intercepted by the colonial censors, Chelati Dirar brings to light an African point of view on the First World War events. However, the writers of these letters are not soldiers, but rather members of an educated elite. Uoldelul Chelati Dirar, ‘Writing WWI with African Gazes: The Great War through the Writing of Tigrinya-Speaking Expatriates’, in *The First World War from Tripoli to Addis Ababa (1911-1924)*, ed. Shiferaw Bekele, Uoldelul Chelati Dirar and Alessandro Volterra (Addis Ababa: Centre français des études éthiopiennes, 2018), 321–46.

⁶⁴ Taddia, ‘Correspondence as a New Source for African History’, 110–11.

2.2 Forms of military labour before the establishment of the Italian Colony of Eritrea

In the Italian Colony of Eritrea, the *ascaris* can be considered to be amongst the first colonial subjects to receive a wage from the Italian government. Nevertheless, for some of them, this was not their first job experience as soldiers in the service of a foreign power.

In February 1885, when for the first time a consistent number of Italian troops disembarked in Massawa, the Egyptians were still governing the port town. At the time, Massawa was the endpoint of the caravan routes connecting Kassala and the Ethiopian highlands to the sea.⁶⁵

The *khedive* had administered Massawa since 1865. However, since 1813 the Egyptians had alternated with the Turks in controlling the port town, exercising power through an indirect rule system.⁶⁶ Before that, Özdemiş Pasha had conquered Massawa and Hirgigo, making them *sandjaks* (districts) of the Ottoman *Habesh* province together with Sawākin in 1557. About a century later, in the framework of a general decentralisation of the Ottoman power, the members of the Bälāw family were appointed by the Ottomans as their *nā'ibs*.⁶⁷ Since at least the conquest by the Ottomans in the mid-sixteenth century, Massawa represented the most important commercial hub in the region. It facilitated exchange between the Ethiopian highlands, the Red Sea region, and beyond. For this reason, the role of the *nā'ib* was that of keeping security along the caravan routes. He was also in charge of the collection of fees and taxes from the groups occupying the area under his control, and from the merchants passing by the market towns along the caravan roads.⁶⁸

In order to exercise their role, and after the bulk of the Turkish army left Massawa in the late sixteenth century,⁶⁹ the *nā'ibs* relied on a combination of semi-regular and irregular troops. The

⁶⁵ The events preceding and surrounding the Italian occupation of Massawa are narrated in the comprehensive account of Angelo Del Boca, *Gli italiani in Africa orientale: dall'unità alla marcia su Roma* (Milan: A. Mondadori, 1992), 147–257. For more about the commercial importance of these caravan routes before the arrival of the Italians, see Jonathan Miran, *Red Sea Citizens: Cosmopolitan Society and Cultural Change in Massawa* (Bloomington & Indianapolis: Indiana University Press, 2009), 77–90.

⁶⁶ Miran, *Red Sea Citizens* 53–63.

⁶⁷ *Ibid.*, 36–39; Jonathan Miran, 'Power Without Pashas: The Anatomy of Na'ib Autonomy in Ottoman Eritrea (17th–19th C.)', *Eritrean Studies Review* 5, no. 1 (2007): 39; Steven Serels, *Impoverishment of the African Red Sea Littoral, 1640–1945* (Palgrave Macmillan, 2019), 66.

⁶⁸ Miran, 'Power Without Pashas', 42; Miran, *Red Sea Citizens*, 48–51.

⁶⁹ Miran, 'Power Without Pashas', 45.

commanders of these troops were all somehow related to the Bälāw family. Limited information about the original organisation of the *nā'ib*'s troops comes from Teobaldo Folchi⁷⁰ and Dante Odorizzi.⁷¹ According to their reports, the semi-regular force was a “Turkish” one, commanded by the *sirdār* (supreme commander), a close relative of the *nā'ib*, and was made up by men coming from the different corners of the Ottoman Empire (especially Albanians and Bosniaks). Indigenous men or immigrants from the Red Sea region made up the other force called ‘*askar*, commanded by the *kahya* (quartermaster, *Chechia* in Folchi⁷²). The roles of commander of both forces were hereditary, thus creating a military class comprised of important martial families that had developed from the marriages of soldiers and local women.⁷³ According to Odorizzi,⁷⁴ in order to maintain the ‘*askar* unit during the Ottoman rule, *Nā'ib* Idris 'Uthman (1801-1831) received a monthly stipend of 1005 Maria Theresa thalers (MTT) from the custom administration in Massawa. In exchange, he was to guarantee the safety of the commercial routes toward the port town. At the same time, by controlling the commercial routes, the *nā'ib* was able to impose fees on the caravans and the travellers arriving and departing from Massawa. While a portion of these tributes were handed over to the custom administration of Massawa, the bulk was divided amongst the different branches of the Bälāw family.⁷⁵ As long as the *nā'ib* managed to control larger portions of territory, the tributes were consistent and represented the main source of revenue for the payment of the troops. However,

⁷⁰ Teobaldo Folchi arrived in Massawa in 1887, when he was 40 years old, and took part in some of the most important battles of the First Italo-Ethiopian War. In 1898 he was appointed by Governor Ferdinando Martini for the institution of the administrative region of Massawa. It was in that role that he collected this information. For more information on Teobaldo Folchi, see the introduction to the report by Massimo Zaccaria, *Le note del commissario Teobaldo Folchi e i cenni storico amministrativi sul commissariato di Massaua* (Milan: Franco Angeli, 2009), 10–17, 36.

⁷¹ Dante Odorizzi arrived in Eritrea as a lieutenant in 1893. During his career he occupied different administrative and diplomatic roles and produced several studies about Eritrea and the southern Red Sea region. See Giuseppe Puglisi, *Chi è dell'Eritrea: Dizionario Biografico* (Asmara: Agenzia Regina, 1952), 222; Dante Odorizzi, *Il Commissariato regionale di Massaua al 1° gennaio 1910* (Asmara: Tip. Fioretti e Beltrami, 1911).

⁷² Zaccaria, *Le note del commissario Teobaldo Folchi e i cenni storico amministrativi sul commissariato di Massaua*, 136.

⁷³ Miran, ‘Power Without Pashas’, 45; Miran, *Red Sea Citizens*, 44.

⁷⁴ Odorizzi, *Il Commissariato regionale di Massaua al 1° gennaio 1910*, 141. Different sources report different amounts. Captain Boeri wrote that the sum was 1200 MTT. See the Nakfa Documents, Document 81, ‘Il Capitano Boeri al Governatore della Colonia Eritrea’, 11 March 1891 in Anthony D'Avray and Richard Pankhurst, *The Nakfa Documents: The Despatches, Memoranda, Reports, and Correspondence Describing and Explaining the Stories of the Feudal Societies of the Red Sea Littoral from the Christian-Muslim Wars of the Sixteenth Century to the Establishment 1885-1901 of the Italian Colony of Eritrea* (Wiesbaden: Harrassowitz, 2000), 275.

⁷⁵ Odorizzi, *Il Commissariato regionale di Massaua al 1° gennaio 1910*, 141.

Viscount Valentia, in his *Voyages*, reports that the sum needed for the maintenance of the *Nā'ib* Idris's troops ('Edris' in the *Voyages*) was 1,500 MTT per month, a sum that the *nā'ib* could hardly raise through the collection of duties.⁷⁶ Moreover, it would have been very difficult for the *nā'ib* to cut down on his troops as the *sirdār* himself was his brother, and there were marriage relations between his family and his commanders.⁷⁷

In 1827 the Ottomans terminated the direct financing of the *nā'ib* militia. This was one of the first actions that would lead to the demise of the *nā'ib*'s power, and the deployment of a more direct form of Ottoman rule in Massawa, with the employment of Ottoman troops for the occupation of the town. By 1853, the Ottoman Empire severed all official ties with the *nā'ib*, who became no more than a waged government official employed in the collection of tributes. When the Egyptians received the mandate from the Porte to rule Massawa in 1865, they started to impose tributes through pastoralist leaders. They then ceased to rely on the *nā'ib* military services.⁷⁸ In fact, on the arrival of the Italians in February 1885, the Egyptians controlled about 1,000 *bashī-bozūk* beside their regular soldiers.⁷⁹ The Turkish term 'bāshī-bozūk' first began to be used for civilian volunteers participating in the Crimean War. These formed irregular corps of soldiers coming from every corner of the Empire, and their violence and lack of discipline contributed to spreading their name with its meaning of "one whose head is turned", or "scatterbrained heads".⁸⁰ In a letter written to the Ministry of War two months after the occupation of Massawa, General Tancredi Saletta, Commander of the Italian expedition corps, wrote that most of the *bashī-bozūk* were recruited from "the lowest classes of the

⁷⁶ George Valentia, *Voyages and Travels to India, Ceylon, the Red Sea, Byssinia, and Egypt in the Years 1802, 1803, 1804, 1805 and 1806*, vol. 2 (London: W. Miller, 1809), 250.

⁷⁷ Valentia, *Voyages and Travels*, 2:54.

⁷⁸ Serels, *Impoverishment of the African Red Sea Littoral*, 66–67; The Nakfa Documents, Document 275, 'Il Capitano Boari al Governatore della Colonia Eritrea', 11 March 1891.

⁷⁹ Ministero degli Affari Esteri, *Memoria sull'ordinamento politico-amministrativo e sulle condizioni economiche di Massaua: presentata alla Camera dei deputati dal Ministro degli Affari Esteri (di Robilant) nella tornata del 30 giugno 1886* (Rome: Tip. della Camera dei deputati, 1886), 20.

⁸⁰ Clément Huart, 'Bāshī-Bozūk', *Encyclopaedia of Islam, First Edition (1913-1936)*, 24 April 2012; Chelati Dirar, 'From Warriors to Urban Dwellers', 175. According to other interpretations, the term means "leaderless"; see Harold Bowen, 'Bāshī-Bozūk', *Encyclopaedia of Islam, Second Edition*.

population, especially those who exercise the job of porter and the layabouts (*oziosi*)”.⁸¹ Most of them came from Sudan and the Red Sea coast, but there were also some who originated from the Ethiopic inland.

In the interior highlands, where the influence of the Ethiopian Empire was stronger, the job of the soldier was strongly linked to the possession of land. The main features of the land-property system of Ethiopia were very similar to those of the area defined as *Märäb Mällaš* (beyond the [river] *Märäb*), which is the plateau area in the north of Ethiopia that became part of the Italian Colony of Eritrea in 1890.⁸²

In Ethiopia, the organisation of the army depended on the local warrior class receiving *g^wəlt* – a grant of land from the *ras* or other dignitaries – in exchange for their services. Living on military land defined the status of a soldier as such, and the power of the commanders depended on their ability to allot land for military purposes. The role of the warriors was to organise the defence of the land against the *dina* (that is, “an enemy with whom blood money could not be exchanged”⁸³). But, more often than not, their role was limited to the collection of tributes (*gəbər*) and labour from the farmers working the land they had been allotted.⁸⁴ In fact, attached to the *g^wəlt* the officers could acquire a certain number of *gäbbar* (people working on the *g^wəlt* land and paying a *gəbər*). These people were not required to take part in campaigns, but they had to provide supplies and labour.⁸⁵

The soldiers to whom the lands were allotted would in turn recruit *aškär* (political or military followers), thus increasing their prestige. The land, together with their title and rank in the army, were

⁸¹ Archivio dell’Ufficio Storico dello Stato Maggiore dell’Esercito (AUSSME), rep. L7, cart. 88, ‘Lettera del col. Saletta al Ministero della Guerra (Segretariato Generale), Massaua, 8 aprile 1885’, as reported by Scardigli, *Il braccio indigeno*, 14. According to Locatelli, the word “oziosi” is among the most frequently recurring labels for criminals in Italian colonial court records. See Locatelli, ‘Oziosi, Vagabondi e Pregiudicati’, 225.

⁸² Irma Taddia, ‘Land Politics in the Ethiopian-Eritrean Border Area between Emperor Yohannes IV and Menilek II’, *Aethiopica* 12 (2009): 59; R. Pankhurst, *Economic History of Ethiopia, 1800-1935* (Addis Ababa: Haile Sellassie University Press, 1968), 135–83; Alberto Pollera, *Il regime della proprietà terriera in Etiopia e nella Colonia Eritrea* (Rome: Tipografia nazionale Bertero, 1913). For a study of customary law and land property in Eritrea, see Irma Taddia, *L’Eritrea-colonia, 1890-1952: Paesaggi, strutture, uomini del colonialismo* (F. Angeli, 1986).

⁸³ The term “dina” was used for indicating the foreigners with whom the consuetudinary law of setting a price as a compensation for spilt blood could not be applied. Tsehai Berhane Selassie, *Ethiopian Warriorhood: Defence, Land and Society 1800-1941*, (Rochester, NY: James Currey, 2018), 8-26.

⁸⁴ Richard A. Caulk, ‘Armies as Predators: Soldiers and Peasants in Ethiopia c. 1850-1935’, *The International Journal of African Historical Studies* 11, no. 3 (1978): 457.

⁸⁵ *Ibid.*, 469.

sometimes inherited by their sons, so that the granted land was almost indistinguishable from a *rəst* (a plot of land inherited within the family).⁸⁶ Thus, the control of land was connected to the acquisition of military and political power, through the distribution of land grants.

During military campaigns, the burden of the soldiers' requests on local farmers was even heavier, as the troops were allowed to request tributes or even pillage the farmers along the route in order to acquire the necessary provisions.⁸⁷ For this reason, numerous witnesses reported by Pankhurst affirmed that the Emperor's troops were recruited from amongst the "worst of the people".⁸⁸ It is easy to see how choosing the military career could have been not only a way to climb the social ladder, but also a way to escape plundering by other warriors.⁸⁹

This system allowed the "externalisation" of the maintenance of the troops instead of relying directly on "state" resources. As the allotment of land to the military did sometimes produce unrest among the farmers,⁹⁰ a reform of the army was attempted during the reign of Tewdros II (1855-1868).⁹¹ The aim was to organise a "modern" waged army, maintained by the government. However, salaries could not be paid in currency (such as the Maria Theresa thaler), because there was not enough in circulation to collect a monetary tax from the population and finance the wages of the soldiers. At that time, the collection of a tithe was in place, and during the reign of Mənilək II (1889-1913), a system of public storehouses was implemented for the collection of taxes in kind and the maintenance of the troops.⁹²

Most of the soldiers received a monthly supply of grain and an annual payment of silver thalers and, in times of peace, could survive thanks to the redistribution of the wealth of their commanders.⁹³ Writing in 1913, the then-Major Alfonso Maria Tancredi reported that the annual salary was 5 MTT,

⁸⁶ *Ibid.*, 468; Selassie, *Ethiopian Warriorhood*.

⁸⁷ Caulk, 'Armies as Predators', 463.

⁸⁸ Pankhurst, *Economic History of Ethiopia*, 80.

⁸⁹ Caulk, 'Armies as Predators', 466.

⁹⁰ Pankhurst, *Economic History of Ethiopia*, 564, 577.

⁹¹ Caulk, 'Armies as Predators', 463; Richard Pankhurst, 'The Advent of the Maria Theresa Dollar in Ethiopia, Its Effect on Taxation and Wealth Accumulation and Other Economic, Political and Cultural Implications.', *Northeast African Studies* 1, no. 3 (1979): 36; Pankhurst, *Economic History of Ethiopia*, 566.

⁹² Caulk, 'Armies as Predators', 467.

⁹³ *Ibid.*, 469, 478; Pankhurst, *Economic History of Ethiopia*, 571.

while the troops were still allowed to keep the war spoils, one-tenth of which was claimed by their Commander⁹⁴.

In this section we had a glimpse at the general features of military labour in the region before the occupation of Massawa by the Italians. This broad description shows the widespread presence of some forms of tributary labour relation before the Italian occupation.⁹⁵ Even when the soldiers received cash, land, or commodities from their commanders, the unsteadiness and the precariousness of their payment did not produce a wage labour system. In the Ethiopian case, a good reason to be a soldier was to avoid plundering by other warriors, thus using work to pay the tribute due to the *ras* and the army.

2.3 The regularisation of indigenous soldiers under Italian colonialism: From multiple-currency wages to the introduction of subsidies

The Egyptian irregular troops (*bashî-bozûk*) were organised in squads (*bulûk*) made of 24 men each, led by a *bulûk-bashî*. A company was made up of four *bulûk* (100 people) and was commanded by a *jus-bashî*. A *bim-bashî* was the head of two or more companies, and a *sanjac* was the head of the troops overall.⁹⁶ On 2 December 1885, the administration of Massawa was officially transferred to Italian hands, and the approximately 200 Egyptian regular troops prepared to leave. Almost all of the *bashî-bozûk* (about 1,000 people) decided to offer their labour to the Italians.⁹⁷ After initial resistance by Italian commanders, who considered it disgraceful to recruit indigenous or non-Italian

⁹⁴ Alfonso Maria Tancredi, *Notizie e Studi Sulla Colonia Eritrea* (Rome: Casa Editrice Italiana, 1913), 75. From April to July 1908, Tancredi organised and took part in an expedition to Lake Tana, patronised by the *Società Geografica Italiana* (Italian Geographical Society). This information was collected on that occasion. See the entry “Tancredi, Maria Alfonso” in Francesco Surdich, *Dizionario Biografico degli Italiani*, 94 (2019), <https://www.treccani.it/enciclopedia/alfonso-mario-tancredi_%28Dizionario-Biografico%29/>, accessed 31 March 2021.

⁹⁵ According to the taxonomy prepared by ‘The Global Collaboratory on the History of Labour Relations 1500–2000’, the tributary labourers are defined as “Persons who are obliged to work for the polity (often the state, though it could also be a feudal or religious authority). Their labour is not commodified but belongs to the polity”. See Karin Hofmeester et al., ‘The Global Collaboratory on the History of Labour Relations, 1500-2000: Background, Set-Up, Taxonomy, and Applications’, 26 October 2015, <<https://collab.iisg.nl/web/labourrelations/>>, accessed 31 March 2021.

⁹⁶ Ministero degli Affari Esteri, *Memoria sull’ordinamento politico-amministrativo e sulle condizioni economiche di Massaua*, 20.

⁹⁷ *Ibid.*, 21.

soldiers, more practical reasons caused the Italians to change their minds. The first consideration was that, with the Egyptians leaving Massawa, the *bashi-bozuk* would have been free to roam on the territory now controlled by the Italians. The best way to control the *bashi-bozuk* was to hire them. Moreover, the Egyptian irregular troops were cheaper to maintain than Italian soldiers and more experienced with regard to the difficult operational environment of Massawa and its surroundings.⁹⁸ For these reasons, three months after the arrival of the Italians in Massawa, the first 100 *bashi-bozuk*, after passing medical and psycho-aptitude tests, were recruited. The first 100 new recruits were supplied with 100 Remington rifles bought from the Egyptians. Both the organisation and the names of the divisions of the Egyptian irregular troops remained the same under the Italians. Finally, the irregulars were divided in an internal horde (*orda interna*) with police tasks, and in an external horde (*orda esterna*), for proper military purposes.⁹⁹

From December 1885, with the acquisition of the bulk of the Egyptian irregular troops, the Italians had to officially deal with the multiple-currency system found in Massawa.¹⁰⁰ The wages of the *bashi-bozuk* were previously expressed and paid in Egyptian piastres. A decree issued on 13 May 1886 fixed the value of the Egyptian piastres in relation to the Italian lira (see Table 4).

Silver piastre	<i>0.25 lire</i>
Copper piastre	<i>0.03 lire</i>
20- copper para piece	<i>0.015 lire</i>
10- copper para piece	<i>0.075 lire</i>

Table 4. Piastre-to-lira exchange rate, 13 May 1886. Source: ASDMAE, AE, pacco 31, Varie amministrative civili 1886, Raggiaglio Monete, Decreto del Ministero del Tesoro, 13 May 1886.

⁹⁸ Later on, the economic argument became the most important factor in the decision to continue the recruiting of indigenous soldiers. See Scardigli, *Il braccio indigeno*, 10, 16.

⁹⁹ *Ibid.*, 22.

¹⁰⁰ See chapter 1.

The *bashi-bozuk* continued to be paid in piastres, still circulating in Massawa, but their wages were now adjusted according to the new decree.¹⁰¹ In virtue of this adjustment, the monthly salary of a *bashi-bozuk* was 150 piastres, while the *sanjak* earned 1,170 piastres each month.¹⁰² Table 5 shows further details of salary rates for the irregular troops.

Rank	Piastres	Lire
Sanjak (Supreme Chief)	1,170	292.50
Bim-basci (Vice-Sanjak)	1,000	250.00
Jus-basci (Chief Of 100)	500	125.00
Bluk-basci [Sic] (Chief Of 24)	300	75.00
Basci buzuk	150	37.50
Scribe	200	50.00

Table 5. Monthly allowances of the *bashi-bozuk*, September 1886. Source: AE, pacco 32, Varie 1886. ‘Paghe che percepiscono i basci-buzuk al mese’.

However, in a letter to the Civil Commissioner in ‘Asäb, General Carlo Gené suggested that the value of the wages rather be expressed in Maria Theresa thalers, and avoid direct comparison with the lira or any other currency. This would serve to “guard” the administration against any fluctuations in currency value.¹⁰³ In his letter, Gené stated that, in Massawa, the unit of account for the fixing of the wages of the *bashi-bozuk* continued to be the Egyptian piastre, “being [the base] for the irregulars when we [the Italians] inherited them from the previous government”.¹⁰⁴ As a matter of fact, in ‘Asäb there was no need to use Egyptian piastres, as it was not under the influence of the Egyptian Government before the arrival of the Italians. Moreover, the southern port town was under the

¹⁰¹ ASDMAE, AE, pacco 31, Varie 1886, ‘Ragguaglio Monete, Decreto del Ministero del Tesoro’, 13 May 1886’. ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Al Ministro degli Esteri, Roma, il Maggior Generale Gené, Corso legale di alcune monete egiziane’. ASDMAE, AE, pacco 60, 1887, ‘Soppressione del Corso legale delle piastre egiziane’, 19 April 1887.

¹⁰² Scardigli states that, under the Egyptian government, the wage of a *bashi-bozuk* was 39.64 lire per month, while that of the *sanjak* was 1058.80 per month. Unfortunately, he does not include the sources for this information. Scardigli, *Il braccio indigeno*, 14.

¹⁰³ ASDMAE, AE, pacco 32, Varie 1886, ‘Maggior Generale Gené al Signor Commissario Civile di Assab, Massaua, 30 September 1886’.

¹⁰⁴ *Ibid.*

influence of the Aden monetary market¹⁰⁵ and, as a consequence, the local (and unofficial) exchange rate of the Maria Theresa thaler was linked to that in Aden.¹⁰⁶

The presence of the *bashi-bozuk* was not the only indigenous component of the Italian colonial army. As Killingray states, “the strength of formal colonial rule also depended on the ability of the colonial authorities [...] to negotiate and maintain alliances with indigenous elites and interest groups”.¹⁰⁷ In the first period of their occupation, because they lacked any real political control on the ground like the Egyptians and Turks before them, the Italians exploited existing local frictions and alliances between chiefs and religious authorities to control the territories surrounding Massawa. Far from being treaties of protection, the agreements that the Italians made with local authorities during those years showed the colonisers’ degree of dependency on the collaboration of local elites. This collaboration was obtained in exchange for money and arms.¹⁰⁸ Access to money and arms supply was often the first reason for local authorities to collaborate with the Italians; financial support and weapons were needed to control their territories. In order to exert their power, these local chiefs and dignitaries managed their own militias (the *bande*) which, as a consequence of the agreements, would have fought on the Italians’ side in the event of war.

The main difference between the Italian *bashi-bozuk* and the *bande* was that the former were individually recruited after a medical check-up and an attitudinal test, while the latter came with the diplomatic agreements previously binding their chiefs, who were also in charge for the maintenance of their own men.¹⁰⁹ The role of the *bande* was not only that of being auxiliary troops, but also serving as an information service. This was because most of the *bande* were situated in border areas, where

¹⁰⁵ When, on the 18 November 1886, the value of the MTT had been brought back to 4 lire in Massawa (due to the high demand for the coin), General Gené informed the Civil Commissioner of Assab to proceed with the adjustment “not in order to model after or conform to what we are doing in Massawa, but just to address the needs of that market”. In a pencilled note at the bottom of the page, the Civil Commissioner wrote that he would have waited for the rise of the MTT price in Aden in order to adjust the official value in ‘Asäb; see AE, pacco 32, Varie 1886, ‘Il Maggior Generale Gené al Signor Commissario Civile di Assab, Massawa, 17 November 1886’.

¹⁰⁶ This matter and its consequences for the wage of the troops will be analysed in the next chapter.

¹⁰⁷ Killingray, ‘Guardians of Empire’, 2.

¹⁰⁸ Serels, *Impoverishment of the African Red Sea Littoral*, 88. Serels reports the example of the agreement with the *käntiba* of the Ḥabab, signed in May 1887. The agreements guaranteed the *käntiba* a monthly salary of 500 MTT in exchange for the safety of the caravans passing through his territory. See also the Nakfa Documents, Document 2, ‘Schema di dichiarazione da firmarsi da Käntiba Hamed, Massawa, 5 June 1887’.

¹⁰⁹ Scardigli, *Il braccio indigeno*, 35, 48.

the Italians could not exert direct control.¹¹⁰

The first occasion for the indigenous troops to be employed in combat was a skirmish which took place near Zula on 1 September 1886. The *banda* of Ras Debeb attacked the *bashî-bozuk*, killing thirteen of them and their *jus-bashî*, and injuring seventeen.¹¹¹ No investigation was undertaken after the event, and neither the Italian press nor public opinion was shaken by the news. The death of the indigenous soldiers seemed to be more acceptable than that of Italian soldiers. This assumption, together with their low maintenance costs, convinced the Italian government of the usefulness of indigenous troops even more.

After the Italian defeat in Dogali in 1887, this point became even clearer. The first famous defeat of the Italian Army in Africa involved a reinforcement party of 540 soldiers (40 *bashî-bozuk*) that had been sent as a retaliation party after Ras Alula had attacked the Italian outpost in Să'atî.

Ignoring the reports of the vanguard about the strong presence of Alula's soldiers on their route, Major Tommaso De Cristoforis ordered the party to continue, falling into Ras Alula's trap.¹¹² As Scardigli shows, on that occasion the indigenous irregulars were first used as scapegoats, with fingers pointed toward the alleged desertion of some of the *bashî-bozuk*. Then they were forgotten, leaving them out of the celebratory narrative of the Italian martyrs who had bravely fought against a horde of thousands of Ras Alula's troops.¹¹³

Only after Dogali and the consequent punitive expedition led by General Alessandro Asinari di San Marzano¹¹⁴ in November 1887, the new governor, General Baldissera, started a process of reorganisation (and regularisation) of the indigenous troops.¹¹⁵ The Turkish name *bashî-bozuk* was abandoned, and the new regular indigenous troops started to be called *ascari*. But the most important decision was the formal institution of the corps of the indigenous troops.¹¹⁶ At this point, unmarried

¹¹⁰ The first *banda*, led by Cagnasmac Agdù Ambessà, was recruited in 1885; see Vitale, *L'Italia in Africa*, 131.

¹¹¹ Scardigli, *Il braccio indigeno*, 25.

¹¹² For an account of the battle of Dogali, see Del Boca, *Gli italiani in Africa orientale*, 267–309.

¹¹³ Scardigli, *Il braccio indigeno*, 26–27.

¹¹⁴ Del Boca, 277–96.

¹¹⁵ Vitale, *L'Italia in Africa*, 125.

¹¹⁶ Regio Decreto (RD) 30 giugno 1889 n. 6215 in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 1 (Rome: L'Universelle, 1914), 749.

recruits were still preferred, and their contract could be renewed every year.¹¹⁷

The indigenous troops became more and more important in the process of rationalisation of expenses. This was especially true after 1890, when, after the conquest of Asmara and Kärän, the Colony of Italian Eritrea was officially founded. The aim of the Italian government, as well as that of most of the colonial powers, was that of financial independence of the colony, and military expenses were the most important item of expenditure. In order to decrease military expenses, metropolitan troops were reduced, in preparation for a consequent increase of the indigenous recruits.¹¹⁸ In the recruiting process, the new governor, Antonio Gandolfi, had to compete with the *bande* which still were an attractive opportunity for the youths, given the higher degree of relative freedom they could enjoy by joining them. At the same time, it was impossible for the governor to disband them, especially in those areas of the colony where Italians were not exercising direct control.¹¹⁹ The active presence of the *bande* at the side of Italian army shows the coexistence of different kind of military labour relation, at least in this first phase of the colony. However, the *bande* were also gradually involved in the process of regularisation, with the issuing of allowances for the chiefs and their men by the government.¹²⁰

The first complete reform of the indigenous troops was made by General Oreste Baratieri.¹²¹ As we will see, the main innovation of his reform was the attention he paid to sociocultural aspects together with the more technical and military aspects. The reform was based on a cultural prejudice, i.e. the “primitiveness” and “immaturity” of indigenous soldiers. For example, the military ranks of the indigenous troops were distinguished from those of the European troops, with the consequence that even the indigenous NCOs were always subordinate to European soldiers, regardless of their grade or rank.¹²² Cultural aspects were many, such as the numerous references to religious tolerance

¹¹⁷ ‘Regolamento di Disciplina’, Art. 46 in Mori, *Manuale di legislazione della colonia Eritrea*, 2: 815–17.

¹¹⁸ R.d. 7097, 26 agosto 1890 in Mori, *Manuale di legislazione della colonia Eritrea*, 2:134–35.

¹¹⁹ Scardigli, *Il braccio indigeno*, 104–5.

¹²⁰ See for example ‘D.g. 1° marzo 1895 n. 185’, in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 3 (Rome: L’Universelle, 1914), 353. The allowance for the men of the *bande* was 1 lira per day, and therefore lower than the allowance for the *ascaris*.

¹²¹ ‘Regolamento di Disciplina’ in Mori, *Manuale di legislazione della colonia Eritrea*, 2: 776–831.

¹²² Vitale, *L’Italia in Africa*, 96.

amongst the troops.¹²³ Baratieri, as well as his officers, was aware of the complexity due to differences among people coming from different areas of the region. The *campi famiglia* were the embodiment of this complexity. Since the recruitment of the Egyptian troops, the irregulars were allowed to bring their families with them. In order not to lose any appeal to the new recruits, the Italians decided to continue this tradition, which was regulated in 1893.¹²⁴

In the Eritrean *campi-famiglia* each soldier was allowed a *tucul*, that they had to build using locally procured materials, and following the instructions of the officers.¹²⁵ Hospitality was regulated, and a senior indigenous NCO presided over the respect of the rules by all the members of the community. Ultimately, it was the Italian Commander who acted as administrator and judge for the camp. At the same time, the family members of the *ascaris* could benefit from the healthcare provided by the military doctor. Together with the advantage of attracting married recruits (now considered more reliable than unmarried ones), came that of the presence of the sons of the indigenous soldiers, who grew up used to the military discipline of the camp and could also be recruited at the age of 16 years.¹²⁶ Married soldiers were considered more reliable, keener to “put aside” and prolong their stay in the army. Moreover, the prospect to have a house for his family in the *campo-famiglia* would push young unmarried soldiers to get married.¹²⁷

The most explicit reference to the diverse origins of the *ascaris* can be found in the tables gathering data on the recruiting of the indigenous units. The tables list the places of origin of the *ascaris*, and sorts them by religion (Catholic Christians, Coptic Christians, Muslims, other).¹²⁸ One valuable type of information that can be found in these tables is the number of indigenous soldiers and officers that

¹²³ These references can already be found in the first articles of the *Regolamento*. See for example Regolamento di Disciplina art. 8 § 32: “He [the *ascari*] should remember that God is the master of all the men and every good comes from him. For this reason, he should worship him according to the prescriptions of his own religion. However, he should respect the religion of the others, and he should not laugh at his fellow soldier worshipping in a different way.”

¹²⁴ ‘Disposizione ministeriale 20 novembre 1893, Regolamento di disciplina per le truppe indigene d’Africa, Art. 31,’ in Mori, *Manuale di legislazione della colonia Eritrea*, 2, 799–800; see also Vitale, *L’Italia in Africa*, 117–20.

¹²⁵ “Tucul” is the name the Italians used to refer to the round houses with thatched roofs, built with mud. The word has a Sudanese-Arabic origin. See Puccioni, *Enciclopedia Italiana* 1937, <https://www.treccani.it/enciclopedia/tucul_%28Enciclopedia-Italiana%29/> accessed 31 March 2021.

¹²⁶ Vitale, *L’Italia in Africa*, 119–20.

¹²⁷ Ibid., 119. On the *campi-famiglia* see also Chelati Dirar, ‘From Warriors to Urban Dwellers’.

¹²⁸ See for example ASDMAE, AE, pacco 152 ‘Studi e proposte, VIII, Specchi contenenti dati statistici sulle truppe indigene’, 17 June 1893.

fought in a *banda* before being recruited by the Italian army. We can see that, from the data collected following a request by Governor Baratieri by the Commander of the Royal Troops, Colonel Giuseppe Arimondi, less than one-fifth of the indigenous troops were enrolled in a *banda* before joining the Italian army (691 *ascaris* and 31 officers, from a total of 3,613). In the notes to the detailed table for the 1st Company of the 3rd Battalion,¹²⁹ we discover that five NCOs and three *ascaris* had served in the Egyptian army before the Italians occupied Massawa. Furthermore, the table concerning the 1st Company of the 4th Battalion¹³⁰ refers to thirteen people (including seven officers) who served with the Egyptian Army, two with the British, one with the French (in Obok) and eleven that were amongst the first Egyptian *bashi-bozuk*. Finally, Captain Ruffillo Perini¹³¹ reported five *ascaris* who fought for the Egyptians, one Somali *ascari* who fought for the British, sixteen soldiers who previously fought for the *bande* on the payroll of the Italians, and also sixteen soldiers who had previously fought with the *Mahdī* in Sudan. On the one hand, this data highlights the continuity between the previous military labour configurations and the Italian regular army. On the other hand, it shows that enrolment now interested a larger portion of the indigenous population, beyond those with prior military experience. Unfortunately, this sort of detailed information is sporadic. At this stage, it is not possible to know for certain how many *ascaris* and officers in total served in the Egyptian army before being employed by the Italians. However, from the notes which sometimes enrich the tabled data that does exist, we can deduce other relevant aspects regarding the Italian's perception of the cultural diversity of their colonial troops. This information underlines how the Italian army was now putting together men who came from different parts of the region, and hence had different cultural backgrounds. In an appended note, Captain Perini, as most of the captains did, proudly exalted the harmony that characterised life in the villages of the *ascaris*, and a sense of belonging that developed despite the diverse origins of the men:

¹²⁹ ASDMAE, AE, pacco 152, 'Studi e proposte, 3^o Battaglione indigeni, 1^a Compagnia', 15 June 1893.

¹³⁰ ASDMAE, AE, pacco 152, 'Studi e proposte, 4^o Battaglione indigeno 1^a Compagnia, Dati sui graduati e gli ascari della suddetta Compagnia', Sā'atī, 13 June 1893.

¹³¹ ASDMAE, AE, pacco 152, 'Studi e Proposte, 4^o Battaglione Indigeno, 2^a Compagnia', Sā'atī, 11 June 1893.

... to be part of the same Company establishes a heartfelt military brotherhood tie among the *ascaris*, which stays alive even among the discharged, which is revealed by the frequent visits paid by those to the Company and vice-versa, regardless of homeland, blood, or religion. In the Company [...] there are never any arguments about religious matters, and the few quarrels and litigation that has occurred only happened among people of the same country [place of origin] and the same religion.¹³²

Some notes appended to the data table by Captain Perini record the existence of mutual help strategies amongst the soldiers:

On another occasion, on the death of a Christian *muntaz*, all the *ascaris* organised a collection in support of the mother of the dead [soldier], and the result [...] was that the Muslims were more generous than the Christians.¹³³

The Captain of the Company concludes by saying that he was sure that “these primitive *ascaris*, being Muslims and Christians, Arabs or Abyssinians, Assaorta [Saho] or Bilen, [are convinced] to be all equal before the law, discipline, and justice”, and that

reminding these *ascaris* that they are essentially Italian soldiers whatever their religion and nationality, instructing and especially educating them in the holy name of Italy, any racial prejudice is muted in them [...], this being so, tomorrow, the result of the good will among the elements of the company is to forgive their [reciprocal] racial faults.¹³⁴

¹³² *Ibid.*

¹³³ ASDMAE, AE, pacco 152, ‘Studi e proposte, 4° Battaglione 4^a Compagnia, Dati vari sui militari indigeni della suddetta Compagnia’, Ginda’, 13 June 1893.

¹³⁴ *Ibid.*

Examples of mutual help among the troops are also reported by the commanders of other companies. The then-Captain Giovanni Battista Ameglio reports, as an example of peace and synergy among the troops, the fact that wounded animals were offered to fellow *ascaris* of a different religion in order to be slaughtered before they would die.¹³⁵ This fact was related to the religious tenet which forbade to Muslim soldiers from eating animals that had been previously injured in certain ways, or not properly slaughtered.¹³⁶ Another example is described by the Captain of the 3rd Company of the 3rd Battalion.¹³⁷ He stated that, during religious celebrations, the indigenous officers would make a gift to the *ascaris* of different religion, who would then share these gifts. According to the Captain, the only two nuisances that occurred were during the first phase of the recruitment of “Abyssinian” soldiers, and on one occasion when both Orthodox and Muslim religious authorities were temporarily allowed in the villages.¹³⁸ The presence of Christian and Muslim spiritual leaders alongside the troops became permanent during the expeditions to Libya, where they offered spiritual support to the soldiers while they were far from home.¹³⁹

On the contrary, most of the Italian officers agreed that “the synergy among the elements of the company, different for race and religion, is essentially the result of the behaviour of the Italian officers towards all the *ascaris*, Arabs or Abyssinians, Muslims or Christians”.¹⁴⁰

Some examples of less well-integrated groups of soldiers can also be found. According to Captain Francesco Carchidio Malavolti, Commander of the 2nd *Squadron Cavalleria Indigena* “Keren” (Indigenous Cavalry Squadron), the “Hadendoa” people were usually isolated, allegedly due to

¹³⁵ ASDMAE, AE, pacco 152, ‘Studi e proposte, 1° Battaglione 2° Compagnia, Dati sui graduati e ascari della suddetta Compagnia’, 10 June 1893.

¹³⁶ For example, verse 5:3 of the *Qur’ān* says: “Prohibited to you are dead animals, blood, the flesh of swine, and that which has been dedicated to other than Allah, and [those animals] killed by strangling or by a violent blow or by a head-long fall or by the goring of horns, and those from which a wild animal has eaten, except what you [are able to] slaughter [before its death], and those which are sacrificed on stone altars”. As cited in Armanios Febe and Ergene Boğaç, *Halal Food. A History* (New York, NY: Oxford University Press, 2018), p. 89.

¹³⁷ ASMAE, AE, pacco 152, ‘Studi e proposte, 3° Battaglione Indigeni 3° Compagnia’, Massaua. Another example of conviviality during festivals is offered in ASDMAE, AE, pacco, 152, ‘Studi e Proposte, 4° Battaglione Indigeni 4° Compagnia’, 13 June 1893.

¹³⁸ ASMAE, AE, pacco 152, ‘Studi e proposte, 3° Battaglione Indigeni 3° Compagnia’, Massaua.

¹³⁹ See Vitale, *L’Italia in Africa*, 120–22.

¹⁴⁰ ASDMAE, AE, pacco 152, Studi e proposte, ‘1° Battaglione Indigeno 2° Compagnia’, Arkiko, 10 June 1893.

communication problems. The recruits from Ḥamasen, Akkälä Guzay, Şəra‘, Təgre and Dembelas had to be preferred among the others, especially if well trained. On the contrary, the Amhara were “inferior in respect of the proper Abyssinians”. The “Baria”, meanwhile, were considered good soldiers, but “after a while in the army [...] they go back to farming”.¹⁴¹

This kind of analysis was carried out within the scope of the identification of the so-called “martial races”, i.e. specific groups of people that could guarantee a steady supply of recruits, and whose choice was made most of the time as a matter of loyalty to the colonial power. The first use of the analytical term “martial races” can be found with reference to the *Gurkhas*, in Cynthia Holden Enloe’s book *Ethnic Soldiers*.¹⁴² As shown by Glasman and Moyd, the fictitious nature of the “martial races” was evident when colonial armies were desperate for manpower. The individuation of the “martial races” in the colonial representations of the colonised is important in explaining both the exposition to a “disproportionate level of coercion” and the “relative position of authority” of certain indigenous groups.¹⁴³

The attempt to identify “racial races” among the *ascaris* is particularly evident in the notes of tenant Giuseppe Galli, who evaluated the different groups of his Company according to the “degree of synergy” with the government.¹⁴⁴ The motives behind the definition of “martial races” in the Italian army are even clearer in the case of the indigenous artillery battalions. As we can see from the table pertaining to the 1st *Battaglione di Montagna* (Artillery Battalion), Sudanese recruits represented the majority, with 71 of the total of 116 being Sudanese.¹⁴⁵ In the 2nd *Battaglione di Montagna*, the Sudanese were the majority group as well, with 46 recruits out of 115.¹⁴⁶ The reason for the prevalence of Sudanese in those battalions was stated in the 1893 regulations and ascribed both to the

¹⁴¹ ASDMAE, AE, pacco 152, Studi e Proposte, ‘Squadrone Cavalleria Keren, Dati sui graduati e gli Ascari dei reparti indigeni’. Similar considerations are expressed by other commanders about the “Arab people of the coast” and the Somali people, which however represented a small part of their companies. See ASDMAE, AE, pacco 152, Studi e proposte, ‘2^a Batteria da Montagna’; ASDMAE, AE, pacco 152, Studi e proposte, ‘1° Battaglione 3° Compagnia’, Arkiko, 7 June 1893; ASDMAE, AE, pacco 152, Studi e proposte, ‘3° Battaglione, 4° Compagnia’, Arkiko, 10 June 1893.

¹⁴² Cynthia Holden Enloe, *Ethnic Soldiers* (Athens: University of Georgia Press, 1980).

¹⁴³ Glasman and Moyd, ‘Military and Police’, 341–42; see also Killingray, ‘Guardians of Empire’, 14–16.

¹⁴⁴ ASDMAE, AE, pacco 152, Studi e proposte, ‘3° Battaglione, 4° Compagnia’, Arkiko, 10 June 1893.

¹⁴⁵ ASDMAE, AE, pacco 152, Studi e proposte, ‘1° Batteria da Montagna’, Kärän, 8 June 1893. ASDMAE, AE, pacco 152, Studi e proposte, ‘2° Batteria da Montagna’, Massawa.

¹⁴⁶ ASDMAE, AE, pacco 152, Studi e proposte, ‘2^a Batteria da Montagna’.

“kind” of people they were (“physically more fit”) and the necessity to entrust the precious cannons to a group of people with the most possible differences and hostility to the Ethiopians, so as to mitigate the risk of desertion and changing of side. These assumptions were based on the long history of Ethiopian raids suffered by the Sudanese and the other groups of the lowlands. Moreover, Islam, which was popular among these groups, represented another hostile trait in relation to the Christian Orthodox Ethiopians.¹⁴⁷

The new set of rules prepared by Baratieri was not only intended to promote the greatness of the “Motherland and the King”, respect for the law, and the Italians. Together with a resizing of the authority of the *jus-basci* rank in front of the Italian recruits, a reform of the punishments was planned.¹⁴⁸ The “abuse” of corporal punishments was restricted in order not to arm the *ascaris* permanently. More importantly, however, special attention was given to pecuniary punishments. The withholding of wages was a common disciplinary measure. However, the deduction of money from an *ascari*’s salary could cast suspicion among the troops of an illegitimate theft by the officers for personal (mis)use of a legitimately earned wage. In order to avoid such misunderstandings, the regulations ordered the transparent use of the confiscated wages for the benefit of the company. These kinds of measures prove two points: the need for the Italian officers to keep army labour appealing for the youths, and the high level of awareness among the latter about their rights.

Another important point of discussion between the Governor and the Minister of War, Luigi Pelloux, was about the introduction of a “pension” system (also advocated by the former governor General Baldissera) as opposed to a system of end-of-service bonuses. This point is particularly important for this study, as the choice between bonuses and pensions is at the core of the discussion about the strategies employed by the some of the former *ascaris* for the management of their wealth.

According to General Baratieri, a pension system encouraged an “idle life”: the retired soldiers would never start a family and live “properly”.¹⁴⁹ In contrast (according to the General) “eight times

¹⁴⁷ Jonathan Miran, ‘A Historical Overview of Islam in Eritrea’, *Die Welt Des Islams* 45, no. 2 (2005), 184–85.

¹⁴⁸ ASDMAE, AE pacco 152, Studi e Proposte, ‘Regolamento disciplina truppe indigene, Baratieri al Ministro della guerra’, Massawa, 15 January 1893.

¹⁴⁹ ASDMAE, AE, pacco 152, Studi e Proposte, ‘Baratieri al Ministro della Guerra’, Massawa, 4 April 1893.

out of ten” the recipient of a bonus would invest his money to build a *tucul* and buy some livestock. Moreover, the influence that a former *ascari* had on his community would allow him to become notable, especially if he had been wounded in battle.¹⁵⁰ In addition to this argument, which was mostly based on prejudicial views regarding the apparent “laziness” of Africans, Baratieri’s proposal was also financially driven. Both the pensions and the bonuses were a burden on the finances of the colony. For this reason, the Minister of the War, after consulting the old governor, General Baldissera, offered Baratieri a compromise solution, showing his willingness to place the responsibility of the expenses on the Ministry.¹⁵¹ The Minister’s proposal was to grant a pension to the *jus-bascis* (the highest grade now allowed for indigenous soldiers), if discharged or declared unfit after 25 years of service, and all the soldiers discharged or declared unfit due to being wounded in action.

Minister Pelloux believed that indigenous soldiers were not able to make financial plans, and were instead rather keen to deplete their assets rapidly. For this reason, a pension was necessary so that

[the discharged soldiers] might never make a spectacle of themselves, [which would be] so unflattering for the welfare and the generosity of the Government, and such a bad and discouraging example for the youths willing to be enrolled, or those already enrolled, to whom is inculcated the duty to give their life when circumstances demand it.¹⁵²

In the final draft of the 1893 Regulations, a pension valued at half the sum of the last wage for the *jus-bascis* after 25 years in service, was approved. A pension was also conceded to the indigenous soldiers that had been wounded in battle, and who were then discharged and declared unfit for work.¹⁵³ The *jus-basci* with less than 25 years of service but more than ten would receive a pension

¹⁵⁰ ASDMAE, AE, pacco 152, Studi e Proposte, ‘Baratieri al Ministro della Guerra’, Massawa, 4 April 1893.

¹⁵¹ ASDMAE, AE, pacco 152, Studi e Proposte, ‘Ministro della Guerra a Baratieri’, Rome, 18 March 1893.

¹⁵² ASDMAE, AE, pacco 152, Studi e Proposte, ‘Ministro della Guerra a Baratieri’, Rome, 18 March 1893.

¹⁵³ “Art. 46. Trattamento di congedo. §181. I ius-basci riformati o comunque licenziati di autorità hanno diritto: ad una pensione vitalizia uguale alla metà della paga giornaliera ultima percepita, esclusa dal computo ogni indennità o assegno eventuale o straordinario, se contano 25 o più anni di servizio militare nelle truppe indigene; [...] § 182 I militari indigeni riformati per ferite riportate in combattimento per conseguenza delle quali siano divenuti completamente ciechi od abbiano perduto l’uso delle mani o dei piedi, ovvero di due di questi membri, ovvero da una commissione nominata dal comandante delle regie truppe siano riconosciuti incapaci di dedicarsi nella Colonia ad un lavoro manuale proficuo, all’esercizio di un’arte, od a guadagnarsi comunque il necessario sostentamento per la vita, hanno diritto, qualunque sia

equal to an eighteenth of the annual wage for every year of service. Discharged soldiers who had not been declared unfit received a one-year wage bonus if they served for less than ten years, and a one-month wage bonus more for every additional year. The wife of a deceased soldier received a sum equal to nine months of the husband's wage (which was to be shared with any other wives the soldier might have had). It is worth noting that all pensions could be capitalised after five years, allowing the recipient to collect it as a one-time bonus in cash, on request.¹⁵⁴

No study has specifically focussed on the granting of “pensions” or end-of-service subsidies to indigenous soldiers of the Italian colonial army, a fact mostly related to the lack of sources regarding the life conditions of the African colonial soldiers once they retired.¹⁵⁵ More evidence can be found regarding the issuing of subsidies for the families of those who died in battle, especially during the Italian invasion of Libya.¹⁵⁶ As anticipated in the first section of this chapter, very few studies focus on the introduction of welfare measures for veterans in a much later historical period.¹⁵⁷ This fact is certainly also due to the absence of any structured welfare system for the African colonial subjects until the 1930s. At the beginning of European colonial rule, there was no interest in guaranteeing some form of subsidisation for indigenous workers, as waged labour was seen as a temporary form of employment for a mostly agrarian population to meet some limited cash needs.¹⁵⁸ Even when the first forms of welfare policy were finally implemented in the colonies, they were used as a way to reinstate the legitimacy of colonial governments in the face of growing pro-independence political

la durata del servizio prestato, ad una pensione vitalizia pari alla metà dell'ultima paga percepita”. ‘Regolamento di Disciplina, Art. 46’ in Mori, *Manuale di legislazione della colonia Eritrea*, 2: 815–16.

¹⁵⁴ ‘Regolamento di Disciplina, Art. 46’ in Mori, *Manuale di legislazione della colonia Eritrea*, 2:815–17. As we will see in the last paragraph, the consequences of the decision to introduce bonuses and pensions revealed themselves after a decade, when the period of service requested to the *jus-basci* ended, and especially among the veterans of the First Italo-Ethiopian war.

¹⁵⁵ Killingray, ‘Soldiers, Ex-Servicemen, and Politics in the Gold Coast, 1939–50’.

¹⁵⁶ See, for example, the granting of 150 subsidies to the wives and relatives of the *ascaris* who died in Libya. A single one-time bonus ranged from a minimum of 360 lire to a maximum of 1440 lire. ‘D.g. 11 novembre 1913 n. 1868’, *Bullettino Ufficiale della Colonia Eritrea* 46, 13 November 1913.

¹⁵⁷ Carina Schmitt, ‘The Warfare–Welfare Nexus in French African Colonies in the Course of the First and Second World War’.

¹⁵⁸ Ben Scully and Rana Jawad, ‘Social Welfare’, in *General Labour History of Africa*, ed. Stefano Bellucci and Andreas Eckert (Boydell & Brewer, 2019), 555; Anthony G. Hopkins, ‘The Lagos Strike of 1897: An Exploration in Nigerian Labour History’, *Past & Present* 35, no. 1 (1966), 146.

movements.¹⁵⁹ Before the 1930s, the only social protection measures in Africa had been granted to poor white workers, such as the Afrikaner miners in South Africa.¹⁶⁰ Another form of “social security” open to indigenous workers promoted by a colonial government was that of the *société de prévoyance*, in French West Africa and Algeria.¹⁶¹ These were cooperative associations meant to operate communal granaries in case of a bad harvest.¹⁶² These institutions were very similar to the informal credit institutions that will be described in the second section of the next chapter, and that were also present in the Horn of Africa at that time. After all, even in nineteenth century Italy, mutual aid associations were the only forms of social protection for private sector workers.¹⁶³ Starting from the introduction of the first thorough policy of social insurance by Otto von Bismark’s Germany in 1883, various forms of state-run initiative for workers spread across Europe.¹⁶⁴ In Italy, a compulsory insurance against accidents at work, to be paid by the employer, was introduced in 1898, but a pension system for civil servants and the military had been handed down from the Kingdom of Sardinia to the Kingdom of Italy after 1861.¹⁶⁵

The subsidies introduced by the *Regolamento* of 1893 were clearly not inspired by any intent to introduce social welfare measures in Eritrea. They were more similar to propaganda tools, aimed at “awarding” veterans that had served for a long time and those who were injured in battle, to show prospective recruits that the Italian government would not have abandoned them once they returned to their villages.

The 1893 Regulations served as the foundation for any further colonial military reforms until the 1936 reform, when the Italian East African Empire was founded.¹⁶⁶ After the issuing of the 1893

¹⁵⁹ The first acknowledged colonial government to set up a pension scheme was Belgian Congo in 1956; Scully and Jawad, ‘Social Welfare’, 559–561.

¹⁶⁰ *Ibid.*, 558–559.

¹⁶¹ *Ibid.*, 556–557.

¹⁶² Gregory Mann and Jane I. Guyer, ‘Imposing a Guide on the Indigène: The Fifty-Year Experience of the Sociétés de Prévoyance in French West and Equatorial Africa’, in *Credit, Currencies and Culture: African Financial Institutions in Historical Perspective*, ed. Endre Stiansen and Jane I. Guyer (Uppsala: Nordiska Afrikainstitutet, 1999), 125.

¹⁶³ Maurizio Cinelli, *Diritto Della Previdenza Sociale*, 14th edition (Turin: G. Giappichelli Editore, 2018), 30.

¹⁶⁴ *Ibid.*

¹⁶⁵ *Ibid.*, 31; ‘Testo unico delle leggi sulle pensioni civili e militari. 21 febbraio 1895’, *Gazzetta Ufficiale del Regno d’Italia*, Rome, 23 March 1895.

¹⁶⁶ Vitale, *L’Italia in Africa*, 98.

Regulations, the wages due to each respective class of soldiers also changed. Wages were raised and lowered according to the rate of availability of new recruits, which was often related to the general state of the colony's economy and, therefore, the availability of soldiers. For example, in 1894, wages and allowances were slightly lowered (See Table 6). As we will see, this was a consequence of difficult economic conditions in the region that pushed many youths to choose the army in those years.

Rank	Daily allowance (1892)	Daily allowance (1894)	Daily allowance (1892, after two years of service)	Daily allowance (1894, after two years of service)	Daily allowance (1892, after five years of service)	Daily allowance (1894, after five years of service)	Daily allowance (1892, after ten years of service)	Daily allowance (1894, after ten years of service)	First kit allowance (1892)	First kit allowance (1894)
Jus-basci	5	5	3.50		4.10		6	6	150	100
Buluc-basci	2.70	2.70				3.50	4.10	4.10	40	15
Muntàz	2.20	2.20	2.35	2.35	2.50	2.50				
Ascari	1.50	1.50	1.75	1.75	2.60	2			30	25
Zaptiè¹⁶⁷	1.85	1.60	2.05	1.85	2.25	2.10				

Table 6. Daily allowances in lire. Source: *Regio decreto 11 dicembre 1892 tab. III, Assegni per i militari indigeni*; ¹⁶⁸*Regio decreto 18 February 1894, art. 121, Quadro degli assegni spettanti ai militari truppe indigene*.¹⁶⁹

Another change introduced by the 1893 Regulations was the explicit prohibition of claiming goods from civilians unwilling to give or sell.¹⁷⁰ This rule was intended to curb the soldiers' habit of looting civilians and their property to support military campaigns. However, as will be described below, this part of the Regulations was violated by the Italian officers themselves during the expedition to 'Adwa which led to the Italian defeat. The difficulties in getting provisions pushed Italian soldiers, members of the *bande*, and *ascaris* to all raid local farmers.

The introduction of wages, bonuses and fixed rations represented the transition to a more

¹⁶⁷ Zaptiè was the name given to the indigenous soldiers of the Carabineers Corps (Carabinieri), an Italian gendarmerie force. The name comes from the Turkish "zaptiye", (policeman), from the Arabic "ḍabtīyah". See WordReference Random House Unabridged Dictionary of American English, 2021, <<https://www.wordreference.com/definition/zaptiah>> accessed 31 March 2021. See also Sahle, 'A Brief Historical Survey of the Ethiopian Askaris (Native Colonial Soldiers)', 254.

¹⁶⁸ Mori, *Manuale di legislazione della colonia Eritrea*, 2: 590.

¹⁶⁹ Mori, *Manuale di legislazione della colonia Eritrea*, 3: 88.

¹⁷⁰ 'R.d. 18 febbraio 1894, Art. 8 par. 33', p. 94 in Mori, *Manuale di legislazione della colonia Eritrea* 3: 80.

bureaucratised army. At this stage, the main aim of Italian military governors was to build a disciplined indigenous corps and attract more recruits into its ranks. These goals were reached by building the *ascaris*' confidence in their officers, for example through transparency in the management of the funds of the battalion, the promotion of the peaceful interaction among culturally different groups, and improvements in the living conditions of the veterans. This last point was debated by the Governor of the colony and the Minister of War. The first stressed the apparent innate laziness of the African troops, the latter their inability to save and manage money.¹⁷¹

In the last section of this chapter I will present the correspondence that some of the recipients of subsidies and "pensions", introduced by the 1893 Regulations, held with the colonial administration. Most of the letters I will analyse were sent by a specific and peculiar category of retired *ascari*, eligible for pension: the veterans of the battle of 'Adwa, that had had their right arm and left leg amputated after they were captured on the battlefield. These cases are not only relevant because they show the existence of some limited social welfare measures in Eritrea at the beginning of the twentieth century; more importantly, in the scope of this dissertation they offer us a glimpse into the way in which some of the veterans saved and spent the money they received from the government.

Before analysing these cases, it will be necessary to introduce the historical context that led to the battle of 'Adwa, the role of environmental factors in promoting the enrolment of the *ascaris* in the Italian army, and Italian reactions to the defeat, focussing in particular on the fate of the *ascaris* that were captured during the battle by Mənilək's generals.

2.4 Environmental crisis, Ethiopian victory, and the fate of the captured Eritrean *ascaris*

At the time of the Italian landing in the commercial port town of Massawa, most of the territories of the future Italian Colony of Eritrea were inhabited by agriculturalist and pastoralist people.¹⁷² For both groups, livestock (especially cattle) were of vital importance. The pastoralist people of the

¹⁷¹ ASDMAE, AE, pacco 152, 'Studi e Proposte, Baratieri al Ministro della Guerra', Massawa, 4 April 1893; ASDMAE, A, pacco 152 'Studi e Proposte, Ministro della Guerra a Baratieri, Rome', 18 March 1893.

¹⁷² Taddia, *L'Eritrea-colonia*, 94.

lowlands traded in hides and butter, while cattle were essential for agricultural works in the highlands.¹⁷³ Moreover, it was not uncommon for the Saho people of the lowlands to offer their temporary services to the people of the highlands to graze their cattle in exchange for milk, used for the production of butter.¹⁷⁴ Among the Təgre-speaking populations, cattle also represented a means of legitimization of power, and were used to reinforce the power of the hegemonic groups of the Bet-Asgede over the subaltern groups of serfs. A long list of obligations forced the serfs to give livestock and livestock products, such as butter, to their masters on particular occasions (such as funerals) and on a regular basis (for example at the changing of the season or once per year).¹⁷⁵

Given the importance of cattle for social and economic life, the long series of environmental catastrophes that affected the region starting from the end of 1887, represented one of the worst environmental and economic crises to have ever occurred before.¹⁷⁶ The crisis was triggered by the spread of rinderpest (locally called *gulhai*¹⁷⁷), a cattle disease probably introduced by the Italians at the time of the punitive expedition of General San Marzano, after the battle of Dogali.¹⁷⁸ On that occasion, infected livestock was imported from India by Italian contractors, introducing the disease to the colony.¹⁷⁹ By 1888 the disease had reached Ethiopia, and in less than two years about 90% of

¹⁷³ Ezio Marchi, 'Il bestiame dell'Eritrea', in *L'Eritrea Economica*, ed. Società degli Studi Geografici e Coloniali (Novara: Istituto Geografico De Agostini, 1913), 329. Ezio Marchi, *Studi sulla pastorizia della colonia Eritrea* (Florence: Istituto agricolo coloniale italiano, 1929), 15.

¹⁷⁴ Alberto Pollera, *Le popolazioni indigene dell'Eritrea* (Bologna: Cappelli Editore, 1935), 274. Marchi, *Studi sulla pastorizia della colonia Eritrea*, 62–63.

¹⁷⁵ For more information on the serf condition among the Təgre-speaking groups and the use of cattle, see Werner Munzinger, *Studi sull'Africa orientale* (Rome: Carlo Voghera, 1890); Pollera, *Le popolazioni indigene dell'Eritrea*, 196–98. On the persistence of the asymmetric relationship during the Italian colonial period, see Ministero delle Colonie, *Relazione sulla colonia Eritrea del R. Commissario Civile Deputato Ferdinando Martini per gli esercizi 1902-1907*, vol. 1 (Rome: Tip. della Camera dei Deputati, 1913), p. 232. On the processes of emancipation inside Təgre-speaking society, see Joseph L. Venosa, "'Serfs,' Civics, and Social Action: Islamic Identity and Grassroots Activism during Eritrea's Tigre Emancipation Movement, 1941–1946', *Islamic Africa* 4, no. 2 (16 December 2013): 165–93.

¹⁷⁶ Richard Pankhurst, 'The Great Ethiopian Famine of 1888-1892: A New Assessment. Part One', *Journal of the History of Medicine and Allied Sciences* 21, no. 2 (1966): 95.

¹⁷⁷ According to Pankhurst, the disease was referred to as "gelhai" or "gulhai" in Ethiopia, meaning "the shaved (bald) one", because it did not leave anything behind. See Pankhurst, 'The Great Ethiopian Famine', 106. Rinderpest has a gestation period of 5-15 days, but the animal already becomes contagious two days before the onset of the symptoms. These symptoms consist of fever, discharge from the eyes and nose, mouth lesions, and diarrhoea. The death of the animal occurs within 12 days, often from dehydration. For further insight on the Ethiopian rinderpest, see Serels, *Impoverishment of the African Red Sea Littoral*, 90–91.

¹⁷⁸ Pankhurst, 'The Great Ethiopian Famine', 100.

¹⁷⁹ Serels, *Impoverishment of the African Red Sea Littoral*, 90–95. Even though Pankhurst reports a source stating that the Italians may have introduced the disease on purpose, there is no evidence to confirm this; see Pankhurst, 'The Great Ethiopian Famine' p. 101.

Ethiopian cattle had perished.¹⁸⁰ Rinderpest continued to spread southward in the following years, reaching South Africa by 1895.¹⁸¹ Because livestock was essential for preparing the land for agriculture, the absence of oxen made it even more difficult to recover the losses that occurred after a period of drought, which was compounded by poor harvesting due to the locusts that invaded the region in 1891 and 1892-93.¹⁸² Taken together, these calamities caused a rise in the price of goods, which was also exacerbated by hoarding and speculation. Pankhurst, relying on missionary sources and reports by European explorers, discusses the occurrence of a “price revolution” in the region, with the cost of grain rising by 200% in just one year in the interior regions of Ethiopia. These price increases led people to prefer to be paid in kind rather than with cash.¹⁸³ As is reported by Pankhurst, this “price revolution” also affected family relationships: the rising price of livestock increased the price for matrimonial transactions, making the creation of new alliances and family bonds more difficult for the youth.¹⁸⁴ Serels shows that local mechanisms of mutual assistance had been already heavily compromised by previous calamities, together with a shift of the source of political power from local patron-client systems to exogenous factors. The different colonial powers that tried to gain control of the region (the Turks, Egyptians, Ethiopians, British, and Italians) had financed local elites for this purpose, that in turn became less dependent on a tributary labour system, and thus avoided the redistribution of resources to their subordinates in cases of calamity.¹⁸⁵

Given these difficult economic conditions, the wages offered by the Italian Government to the recruits presented an opportunity for the youths of the highlands, heavily hit by the consequences of famine as well as of a cholera epidemic that hit the region in 1889-1892.¹⁸⁶ To curb the migration of Ethiopians into Eritrea, *Ras Mängäša* of Təgray issued a decree in 1889 prohibiting the peasants of

¹⁸⁰ Pankhurst, ‘The Great Ethiopian Famine’, 103.

¹⁸¹ Serels, *Impoverishment of the African Red Sea Littoral*, 92.

¹⁸² Pankhurst, ‘The Great Ethiopian Famine’, 107; Pankhurst, *Economic History of Ethiopia*, 220.

¹⁸³ Pankhurst, ‘The Great Ethiopian Famine’, 109–11, 120.

¹⁸⁴ Richard Pankhurst, ‘The Great Ethiopian Famine of 1888-1892: A New Assessment. Part Two’, *Journal of the History of Medicine and Allied Sciences* 21, no. 3 (1966): 267.

¹⁸⁵ Serels, *Impoverishment of the African Red Sea Littoral*, 105.

¹⁸⁶ Pankhurst, *Economic History of Ethiopia*, 625.

his region from crossing the border and enrolling in the Italian army, but with little success.¹⁸⁷

In Ethiopia, Mənilək II completed his accession to power as the new Emperor of Ethiopia in the midst of the worst historically recorded famine of the region. The catastrophe occurred in the period surrounding the death of Emperor Yoḥannəs IV, who was killed in battle in 1889 while fighting the soldiers of the *Mahdi*.¹⁸⁸ Being the *Ras* of the Šäwa region, and backed by the Italians through the diplomatic action of the explorer and diplomat Pietro Antonelli, Mənilək took advantage of this moment to supplant Yoḥannəs. Thanks to his third wife, Ƨaytu, he had been able to exert a nominal power on the northern provinces, given that she was from the Səmen province. His only internal opponents were *Ras* Mängäša, who had been earmarked by Yoḥannəs to be his heir, and his lieutenant Alula. However, Mənilək's army was the only one in Ethiopia that could compete with that of the late Emperor, as it was supplied with rifles from his Italian and French allies.¹⁸⁹

The economic situation hindered the supply of the Italian troops during military campaigns on the plateau: because of the famine, the occupation of Asmara by Italian troops was in fact postponed to August 1889.¹⁹⁰ Around this time, *Ras* Mäk^wännən of the Harär' Province of Ethiopia had been sent by Mənilək to Italy to officiate at the signing of the Treaty of Wəčale.¹⁹¹ The occupation of Asmara took place without any fighting: the Italians justified the move with the necessity for the troops to be housed in a place cooler than Massawa.¹⁹² However, the timing of the occupation was significant. It happened just before the signing of an Additional Convention to the Wəčale Treaty by Mäk^wännən in Naples. This Additional Convention allowed the Italians to keep the recently occupied territories.¹⁹³ According to Pankhurst, it was at this time, while observing the fields temporarily abandoned during the famine in the highlands, that the Italians started to plan the expropriation of land and the launching

¹⁸⁷ *Ibid.*, 49-50.

¹⁸⁸ Jonas, *The Battle of Adwa: African Victory in the Age of Empire*. Some people interpreted the plague as a consequence of the emperor's death; Pankhurst, 'The Great Ethiopian Famine of 1888-1892: A New Assessment. Part One', 98.

¹⁸⁹ Jonas, *The Battle of Adwa. African Victory in the Age of Empire*, 52.

¹⁹⁰ 'Il Comandante superiore in Massaua al Ministro della Guerra', Massawa, 8 April 1889, in Documenti [diplomatici] presentati al parlamento italiano dal presidente del consiglio ministro ad interim degli affari esteri (Crispi). L'occupazione di Keren e dell'Asmara. Seduta del 17 dicembre 1889 (Rome: Tipografia della Camera dei Deputati, 1890), p. 41 e 'Il Comandante superiore in Massaua al Ministro della Guerra', Massawa, 20 April 1889, p. 42.

¹⁹¹ See chapter 1, section 2.

¹⁹² Jonas, *The Battle of Adwa*, 84.

¹⁹³ *Ibid.*, 88.

of a settlement programme.¹⁹⁴ The idea was developed by Baron Leopoldo Franchetti, who was put in charge of the *Ufficio per la colonizzazione* (Colonisation Office) in 1891. The project involved giving free land and rural credit to unemployed Italian peasants who were willing to move to Eritrea. This was also considered an effective way to limit the emigration of millions of Italians to foreign countries, in order to avoid a loss workforce and military recruits.¹⁹⁵

As reported by the journalist Vico Mantegazza,¹⁹⁶ these expropriations caused *Däğğazmač* Bahta Hagos to rise up against the Italians.¹⁹⁷ Later on, after the defeat of *Ras Mängäša* by General Baratieri in Senafe (January 1895), documents were found in his camp allegedly proving the active backing of the Bahta Hagos uprising by Mängäša and Mənilək.¹⁹⁸ Furthermore, the Italian expropriation policies of the 1890s had been a crucial destabilising factor on the plateau at the border with Ethiopia, leading to the Italian defeat in 'Adwa on 1 March 1896.¹⁹⁹

During the campaign, the difficult economic conditions of the region made the supplying of the troops the most pressing problem for both parties. Even if the Italians had been able to import sufficient grain from Indian merchants for the entire duration of the famine period, the almost total

¹⁹⁴ Pankhurst, 'The Great Ethiopian Famine of 1888-1892: A New Assessment. Part Two', 292; Richard Pankhurst, 'Italian Settlement Policy in Eritrea and Its Repercussions, 1889-1896', in *Boston University Papers in African History* edited by Jeffrey Butler, vol. 1 (Boston, MA: Boston University Press, 1964), 134; Jonas, *The Battle of Adwa*, 97–100.

¹⁹⁵ Podestà, *Sviluppo industriale e colonialismo. Gli investimenti italiani in Africa Orientale 1869-1897*, 188–90; Stephen C. Bruner, 'Leopoldo Franchetti and Italian Settlement in Eritrea: Emigration, Welfare Colonialism and The Southern Question', *European History Quarterly* 39, no. 1 (2009): 76; Ercole Sori, *L'emigrazione italiana dall'Unità alla Seconda Guerra Mondiale* (Bologna: Il Mulino, 1979).

¹⁹⁶ According to Del Boca, *Gli italiani in Africa orientale*, 479, a total of 412,892 hectares of fertile land out of 648,938 were expropriated by Baratieri from 1893 to 1895. Pankhurst's figures stop at 314,792 hectares of land expropriated from 1893 and 1895; see Pankhurst, 'Italian Settlement Policy in Eritrea and Its Repercussions', 143–44.

¹⁹⁷ *Dejac* Batha Agos had been one of the trusted chiefs hired by the Italians together with their militias to control the border territories of Akkälä Guzay and Şəra'. When the relations between Mənilək and the Italians worsened after the Treaty of Wəčale, Batha Agos decided to back *Ras Mängäša* of Təgray, raising a rebellion against the Government; Del Boca, *Gli italiani in Africa orientale*, 521–29.

¹⁹⁸ Jonas, *The Battle of Adwa*, 104.

¹⁹⁹ The relationship between Italy and Ethiopia had worsened since Mənilək's complaints about the Italian translation of Article 17 of the Treaty of Wəčale. The Italian translation of the article stated that Ethiopia had to refer to Italy for all its foreign affairs, declaring a *de facto* protectorate of Italy on Ethiopia, while the Amharic translation presented that as a non-compulsory option. It is difficult to believe that Mənilək had not realised the discrepancy when the treaty was signed. It is likely that he planned to find himself in a better position to openly challenge the Italian expansionist claims. In fact, in 1893, Mənilək publicly repudiated the Treaty of Wəčale. At that time, his last contender, *Ras Mängäša* of the Təgray, *Nəguś* Yoħannəs's son, definitely submitted to the Emperor for fear of being crushed between the Italians and Mənilək's army: his decision would be officially sanctioned in 1894, after visiting Mənilək in Addis Abāba, kneeling in front of the *Nəguś*, and carrying a stone on his shoulders. See Jonas, *The Battle of Adwa*, 100–104; Del Boca, *Gli italiani in Africa orientale*, 539–65, 580ff.

absence of roads further hampered the supply of the troops.²⁰⁰ The decision to proceed toward ‘Adwa stretched the line of operations, making it even more difficult to supply troops at the front, where provisions needed to take no less than a week to arrive.²⁰¹ On 27 February 1896, Captain Mario Bassi wrote that the *ascaris* were being paid with “useless” thalers (because it was not possible to find any food to buy), and that they were eating sear barley to survive.²⁰² The then-Captain Alessandro Sapelli wrote in his *Memorie d’Africa*:

Clearly the logistic services were not working regularly, and provisions started lacking after a brief stay in Mai Gabetà. Indeed, the Command ordered [the payment of] the usual ration of flour in cash. The amount was surely well accepted; but the nourishment ended as it is not possible to eat cash and it’s not possible to convert it into goods, if goods are lacking.²⁰³

For this reason, Sapelli was forced to allow the men of the *bande* to plunder local cattle, thus adopting the Ethiopian army custom, and therefore “avoiding confiscation by the Emperor”, but regularly paying “with some of [their] men’s lives”.²⁰⁴

The logistical situation was no different for Mənilək’s troops. The rejection of the Wəčale Treaty in 1894 stopped the supply of weapons from Italy, while the French had accepted the termination of their supply to Mənilək in exchange for the Italian acceptance of their protectorate on Tunisia. When Mənilək mobilised his troops on 17 September 1895, his soldiers brought their old rifles together with a ten-day food ration. Because of the difficult economic conditions prevailing in Ethiopia, Mənilək planned to allow his troops to raid the farmers once they arrived in the Təgray region.²⁰⁵

Accounts of the events which led to the most important defeat of the Italians are numerous, as are strategic and tactical analyses about the reasons of the defeat itself. Nicola Labanca argues that, even

²⁰⁰ Serels, *Impoverishment of the African Red Sea Littoral*, 94.

²⁰¹ Jonas, *The Battle of Adwa*, 152.

²⁰² ‘Diario del Capitano di S.M. Mario Bassi (dal 24 febbraio 1895 al 27 febbraio 1896). L’ultima lettera, 27 febbraio’ in Bellavita, *La battaglia di Adua*, 554.

²⁰³ Alessandro Sapelli, *Memorie d’Affrica (1883-1906)* (Nicola Zanichelli Editore, 1935), 102.

²⁰⁴ *Ibid.*

²⁰⁵ Jonas, *The Battle of Adwa*, 159-156; Pankhurst, *Economic History of Ethiopia*, 576.

since the very early years after the battle of ‘Adwa, it was considered a watershed moment in African history. Its immediate recognition as a momentous event was doubtlessly because it was the first time that an African army had defeated a European expeditionary force in a large battle.²⁰⁶ Even though Italian publications initially underplayed the consequences of the defeat, the political outcomes were important, as the disaster in ‘Adwa provoked the fall of the Government of Francesco Crispi in Italy and a resurgence of anti-colonial protests.²⁰⁷ The “colonial historians” of the Fascist era, using the refrain of the “unfortunate day”, tried to downplay the role of ‘Adwa in the history of Italian imperialism, celebrating Crispi’s colonial vision instead, and thus supporting the regime’s propaganda programme.²⁰⁸

Del Boca counted fatalities of 289 Italian officers, 4,600 soldiers, and about 1,000 dead ascaris. The injured amounted to 1,500.²⁰⁹ After the defeat for the Italians, Mənilək and his generals were able to capture about 2,700 prisoners. About 1,900 Italian captives were used to back Mənilək’s retreat to Addis Abäba.²¹⁰ The last group of Italian prisoners were repatriated to Italy in May 1897.²¹¹ Their liberation came after intense negotiations, which led to the payment of a ransom of 1,000,000 lire disguised as a refund of the expenses incurred by Mənilək for the hosting of the prisoners.²¹² Worries about the fate of the prisoners ignited a global fundraising campaign organised by different communities of the Italian diaspora.²¹³ However, there was a further event that strongly upset Italian

²⁰⁶ Nicola Labanca, *In marcia verso Adua* (Giulio Einaudi editore, 1993), ix; Del Boca, *Gli italiani in Africa orientale*, 701–10. Also see ‘Grave disastro in Africa’, *Corriere della Sera*, no. 62, 3–4 March 1896. In Italy, newspaper articles appeared in the days following the battle. The first large-scale accounts of the battle were written by military figures, such as Beniamino Melli, *L’Eritrea dalle sue origini a tutto l’anno 1901: appunti cronistorici, con ... un’appendice di note geografiche e statistiche e di cenni sul Benadir e sui viaggi d’esplorazione* (Milan: Hoepli, 1902). An early account of the battle can also be found in Oreste Baratieri, *Memorie d’Africa: (1892-1896)* (Genoa: I Dioscuri, 1988). The symbolic importance of the battle for African historians and writers, such as Benito Sylvain, Joseph Vitalien, Booker T. Washington, Ida B. Wells, and W. E. B. Du Bois, is underlined by Jonas in *The Battle of Adwa*, 5.

²⁰⁷ Labanca, *In marcia verso Adua*, 29.

²⁰⁸ For example Cesare Guglielmo Pini, *Adua: Brevi cenni sulla guerra italo-etiopica-mahdista degli anni 1895-96: da Amba Alagè a Càssala* (Torino: Edizioni del Baretto, 1926). Among these apologetic publications there were some exceptions, such as Carlo Conti Rossini, *Italia ed Etiopia dal trattato d’Ucciali alla battaglia di Adua* (Roma, 1935). While such publications also presented colonial prejudices and an attempt to condemn Italian liberal (pre-fascist) governments, Conti Rossini conducted extensive archival research and his linguistic expertise allowed him to use African documents in his work. See Labanca, *In marcia verso Adua*, 24.

²⁰⁹ *Gli italiani in Africa orientale*, 691.

²¹⁰ Jonas, *The Battle of Adwa*, 239.

²¹¹ *Ibid.*, 317.

²¹² *Ibid.*, 316.

²¹³ *Ibid.*, 305.

public opinion. Soon after the day of the battle, Italian newspapers reported that the *ascaris* captured by the Ethiopian army had their right hands and left feet mutilated. An article, which appeared in the *Corriere della Sera*, reported that

[the] captive ascaris, all with the right hand and left foot amputated, arouse a sense of piety. The Negus held them almost free for three days, then suddenly, incited by the Abuna, ordered the amputations together with the menace of [the] death penalty for those who would have treated them.²¹⁴

Abunä Matéwos, the head of the Ethiopian Orthodox church, had not been the only one to solicit Mənilək's rigour in treating the *ascaris* this way: the decision was backed by the Emperor's wife Taytu, Ras Alula, Ras Mängäša, and other generals.²¹⁵ The reasoning was that the *ascaris* were to be considered traitors and thieves rather than enemies. Therefore, the act of cutting their hands and feet was a matter of compensation. It was reported that many "died from haemorrhage or gangrene: those who are alive number 300; that is, half of those who underwent the operation".²¹⁶

Morruronas Nedue, an *ascari* of the 8th Battalion, reported in an interview that the *ascaris* that had been mutilated were about 500.²¹⁷ Another article reports that "the amputations were executed roughly, close to the joints, without any anatomical care".²¹⁸ The stumps had to be operated on again when the amputees came back to Eritrea.²¹⁹

A Red Cross mission was involved in treating the amputees on their return, and was led by the military physician Luigi Ferrero di Cavallerleone, with the collaboration of Dr Tommaso Fiaschi, an Italian orthopaedic surgeon from Australia.²²⁰ The dismay aroused by the event ignited a new wave

²¹⁴ 'I nostri feriti e i nostri prigionieri in Africa', Roma 20 aprile 1896, *Corriere della Sera*, 21-22 aprile 1896 n. 110.

²¹⁵ Jonas, *The Battle of Adwa*, 234.

²¹⁶ *Ibid.*, 237.

²¹⁷ 'Una nuova versione sulla morte di Galliano. Gli ascari mutilati', *Corriere della Sera*, 5-6 giugno 1896.

²¹⁸ 'Le mutilazioni e l'ortopedia', *Corriere della Sera*, 24-25 April 1897.

²¹⁹ 'La situazione pacifica dell'Eritrea. Gli ascari mutilati', *Corriere della Sera*, 23-24 June 1897; 'Telegrammi Stefani' Massaua, 28 giugno, *Corriere della Sera*, 29-30 giugno 1897.

²²⁰ 'La situazione pacifica dell'Eritrea. Gli ascari mutilati', *Corriere della Sera*, 23-24 June 1897.

of Italian donations.²²¹ By 10 October, aided by these donations, 350 *ascaris* had received artificial limbs. Spare parts for the artificial limbs were provided by the Red Cross, and a fund for the limb maintenance was established.²²²

As we have seen in this section, environmental contingencies strongly influenced the chain of events that lead to the Ethiopian victory in ‘Adwa. According to Mənilək himself, if the Italians had managed to maintain their position longer before attempting their attack, he would himself have been forced to retreat for lack of supplies.²²³ At the same time, we have seen that the disastrous economic situation of the region, badly hit by rinderpest, drought, famine and cholera, pushed many youths to enrol in the Italian army. The relationship between economic and environmental conditions on the one hand, and an increase in the number of enrolments in colonial corps on the other, has been studied for other East African regions as well. For example, a series of famines during the 1930s pushed large numbers of young Kamba men to leave behind their cattle and villages to join the KAR, contributing to their emergence as a “martial race” in British East Africa.²²⁴

In the next section, we will look ahead eleven years, in order to investigate the subsequent living conditions of the veterans of the First Italo-Ethiopian War, and, more importantly, how they spent and managed the money they earned while in the army and on discharge.

2.5 Working for bread and working for land: The saving strategies of Eritrean veterans of the First Italo-Ethiopian war

On 26 October 1896, a peace treaty with Ethiopia was signed. It defined the borders of the Italian colony as the Märäb-Belesa-Muna rivers line, and effectively terminated the Treaty of Wəčale.²²⁵ The heavy defeat caused an earthquake in Italian politics, and impacted subsequent Italian colonial

²²¹ For example see ‘Le sottoscrizioni di beneficenza aperte dal Corriere della Sera nel 1896’, *Corriere della Sera*. *Corriere milanese*. 30-31 dicembre 1896. *Corriere della Sera* 12-13 maggio, “Cronaca delle grandi città” Firenze, 11 maggio, *Corriere della Sera*, 12-12 maggio 1896.

²²² ‘La Croce Rossa, gli ascari mutilati e le famiglie dei feriti’, *Corriere della Sera*, 11-12 October 1896.

²²³ Pankhurst, *Economic History of Ethiopia*, 575.

²²⁴ Parsons, ‘All Askaris Are Family Men’, 678.

²²⁵ Del Boca, *Gli italiani in Africa orientale*, 731–32.

strategy. One of the consequences of the defeat was the appointment, at the end of 1897, of the first civilian Governor of the colony by the new Italian Prime Minister, Antonio Starabba di Rudinì. The new Governor, Ferdinando Martini, was a member of the Parliament and a writer, and hence a quite different personality when compared to previous military governors. Once an anti-colonialist, he had visited Eritrea in 1891 as a member of the commission investigating the Livraghi case.²²⁶ That journey completely changed his attitude towards the Italian colonisation of Eritrea, as is testified in his *Nell'Africa italiana* and in the over 6,000 pages of diary entries he recorded throughout the entire period of his government in Eritrea.²²⁷ In 1907, at the end of his nine-year mandate, he had reorganised the colony's administration, with a sharp separation between civil and military powers, through a set of rules contained in the *Ordinamento della Colonia Eritrea*. These rules remained in force until a new set was issued in 1934.²²⁸

On 24 July 1907, Martini's successor Giuseppe Salvago Raggi sent a letter to the directors and managers of all the administrative offices of the colony. This letter ordered them to prefer the employment of those he defined as "deserving" *ascaris* wherever and whenever any vacancies occurred in their offices.²²⁹ According to the Governor, the best indigenous elements to be employed in the colonial administration had to be chosen from amongst those retired *ascaris* that had "served well and for long, [...] especially those that, according to their records, can guarantee good service".²³⁰ Before Salvago Raggi's letter, the colonial administration had received applications from discharged *ascaris* asking to be employed by the colonial administration as members of the

²²⁶ The case regarded the abuses of lieutenant of the *Carabinieri* Dario Livraghi, helped by the lawyer Eteocle Cagnassi in a violent repression of alleged Ethiopic spies in the Colony, see Marco Scardigli, *Il braccio indigeno: ascari, irregolari e bande nella conquista dell'Eritrea, 1885- 1911* (Milano: F. Angeli, 1996), 101–3; Del Boca, *Gli italiani in Africa orientale*, 1992, 436–50. At the end of the case, only the indigenous perpetrators of the violence were condemned. Cagnassi was banned from holding public office, but continued to exert his influence in colonial affairs.

²²⁷ Ferdinando Martini, *Nell'Africa italiana: impressioni e ricordi* (Milan: Fratelli Treves, 1925); Ferdinando Martini, *Il diario eritreo* (Florence: Vallecchi, 1942).

²²⁸ See Gennaro Mondaini, *La legislazione coloniale italiana nel suo sviluppo storico e nel suo stato attuale (1881-1940)* (Milan: Istituto per gli studi di politica internazionale, 1941), 23; Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 5 (Rome: Tip. dell'Unione, 1914), 5–12.

²²⁹ ASDMAE, AE, pacco 831, 'Personale vari indigeni e pratiche varie riguardanti indigeni, La Segreteria del Governatore della Colonia Eritrea ai Signori Direttori di governo, Capo ufficio ragioneria, Direttore Ufficio Agrario Sperimentale, Presidente del Regio Tribunale d'Appello, Procuratore del Re, Capo Ufficio Speciale per le Costruzioni Ferroviarie, Assunzione in servizio di personali indigeni', Asmara, 24 July 1907.

²³⁰ *Ibid.*

militia, scribes, members of the Forestry Corps, captains of road maintenance teams, linemen, prison guards, watchmen, and sentries. The administration followed up on these job applications by requesting the collection of more information on the applicants, and returning such information to the Regional Commissioner or the Command of the RCTC. The outcomes of these enquires show that the “deserving” *ascaris* were those who had not been recipients of any disciplinary action during service and had not been discharged for disciplinary reasons. This information-gathering process allows us a glimpse into the life of discharged indigenous soldiers and, occasionally, to collect information about the way they managed the subsidies they received from the Government when they left the army or were declared ineligible for service. In the *Archivio Eritrea* of the ASDMAE, it is possible to find hundreds of letters sent by former *ascaris* asking for jobs or subsidies, some of which are accompanied by further information about the applicant. Of course, job applications were not the only kind of letter received by the colonial administration. Requests for subsidies represent an important and frequent item of correspondence, especially requests from those former *ascaris* that were declared unable to work due to injuries received during service. Among such correspondence we can find the pleas of the *ascaris* captured in ‘Adwa, who were mutilated by order of Mənilək.

The letters considered in this section are part of a group of 52 pleas sent between May and November 1907. This group of letters is an important source for analysing the wealth-storage choices made by some of the first *ascaris* recruited by the Italians. Two of the letter writers in question served with the Egyptian *bashi-bozuk*; one was part of the *bande* in Senafe and ‘Addi K^wala. Almost half of the writers were veterans of the First Italo-Ethiopian War, and fourteen had been captured and mutilated after the battle of ‘Adwa. These veterans represent only a small part of those who participated in, and returned from, the battle of ‘Adwa. By analysing their cases, the present author does not intend to produce a general model that represents the choices of all the former Eritrean *ascaris* that took part in the First Italo-Ethiopian War. Nor do I wish to give a comprehensive representation of the living conditions of all the retired Italian *ascaris* in the first decade of the twentieth century. While the exact number of indigenous troops taking part in the

battle of ‘Adwa has not been calculated with certainty, Angelo Del Boca reports that about 7,000 indigenous soldiers participated.²³¹ Among these, around 1,000 were killed and 800 captured. Of the captives, only 406 managed to get back to Eritrea, and most of these suffered amputations. However, given the limited sources available, the documents I am analysing here offer a unique occasion to delve into the lives of the first veterans of the Italian colonial army, and, in particular, shed light on the ways in which former soldiers used the money they earned during and at the end of their service. As Killingray points out, it is usually difficult to find information about the life of colonial soldiers after they retired from service.²³² Hence, these sources are important in adding depth to the analysis of the changing labour conditions in the colony, and the degree of integration of indigenous people in the colonial economic and financial system.

Of the 52 request letters discussed here, 19 are job applications, 19 subsidy applications, and the remainder are requests for pay raises. As we will see, the analysis of these documents reveals some patterns in the life choices of the *ascaris* and in the way they dealt with colonial wages, subsidies, and with the general colonial labour system. Most of the veterans that were eligible for that had declined the pension offered by the Italian government, instead opting for a one-time bonus at the time of discharge. Most of the *ascaris* had invested their money in land and cattle. However, many of these investments were destroyed by a new series of calamities, such as the return of rinderpest and another invasion of locusts.

The job application sent by Esman Abbé, who served in the indigenous corps for three years, is quite representative in this sense.²³³ Esman Abbé fought at ‘Aqordāt as an attendant of Tenant Benassi, and in Kwä‘atit and ‘Adwa, as an attendant of Captain Artale. He was discharged on 13 January 1907, without any bonus. At that time, his only belongings were some livestock and a plot of land: the livestock had been killed by “the disease”, whereas his harvest had been eaten by the locusts. Between 1904 and 1905 a new outbreak of rinderpest occurred, killing about 100,000 head

²³¹ Del Boca, *Gli italiani in Africa orientale*, 651.

²³² Clayton and Killingray, *Khaki and Blue*, 163.

²³³ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Lettera di Osman Abbè al Governatore Salvago Raggi’, Asmara, 12 May 1907.

of cattle in Eritrea.²³⁴ This disaster was followed by an invasion of locusts that destroyed crops.²³⁵ For these reasons, Esman Abbé decided to send a letter to the Governor to ask for a job to earn “a piece of bread [*tozzo di pane*]”²³⁶. A letter sent by the Commander of the *Carabinieri*, Lieutenant Luigi Artuffo, to the Secretary of the Governor on 11 July 1907, states that Esman Abbé was finally hired by the Regional Commissioner in Kärän as a member of the Forestry Corps.²³⁷

The general pattern of refusing the pension, investing the lump-sum bonus in land and livestock, and the subsequent loss of wealth due to calamities, is particularly evident in the cases of the amputees of the Battle of ‘Adwa. According to a letter sent by the Commissioner of the Šəra‘ region, Paolo Teodorani, to the Secretary to the Governor, Giuseppe Cavalli, on 1 August 1907, most of the amputees of ‘Adwa were in the same situation: “All those amputees who choose the one-time bonus renouncing the pension, are, today, in the same miserable conditions”.²³⁸

As mentioned above, 19 of the 52 letters analysed here are requests for subsidies. The subsidy was a form of economic aid that was issued “una tantum” by the Regional Commissioner, and excluded any further claims by the petitioner. Due to limited resources, the Government was explicit in its request that the subsidies were granted only to those cases that were “really deserving”, in order to preserve the Treasury funds that were dedicated to this purpose.²³⁹ For this reason, there were limits placed on the value of each subsidy, thus ensuring the fulfilment of the highest number of requests possible.²⁴⁰

Most of the applications for subsidies came from the amputees of the Battle of ‘Adwa. As the veterans had been deprived of their right hands and left feet, it was impossible for them to find a

²³⁴ Serels, *Impoverishment of the African Red Sea Littoral*, 102.

²³⁵ Pankhurst, *Economic History of Ethiopia*, 220–22.

²³⁶ This expression appears in many of the letters I have analysed for this chapter, hence my decision to incorporate it into the chapter’s title. In the Italian language, the idiomatic expression “to work for a piece of bread” means working for a meagre salary. See <<https://dizionario.internazionale.it/parola/per-un-tozzo-di-pane>>, accessed 7 November 2020.

²³⁷ ASDME, AE pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Risultato di indagini di informazioni’, Asmara, 21 September 1907.

²³⁸ ASDMAE, AE pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Lettera di Teodorani a Cavalli’, ‘Addi Ugri, 1 August 1907.

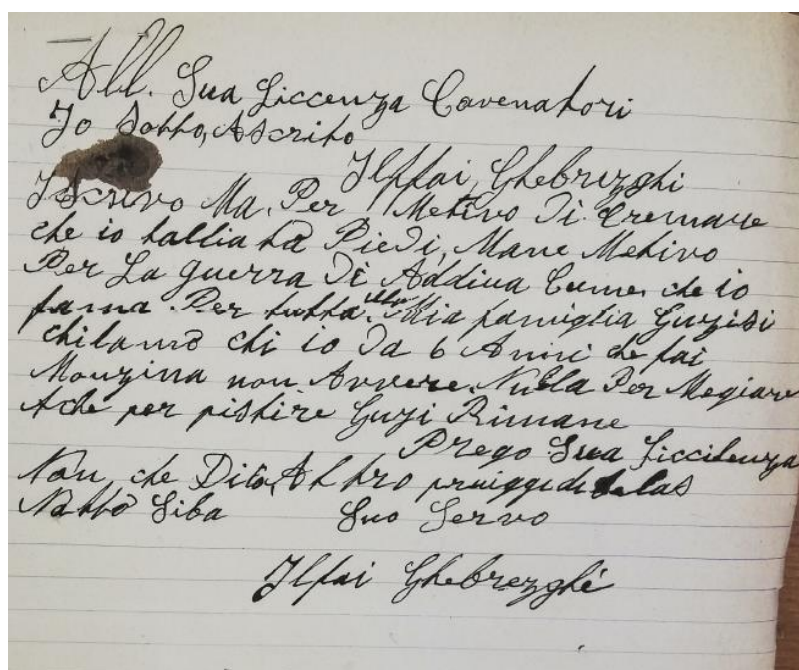
²³⁹ ASDMAE, AE, pacco 831, ‘Personale Indigeno, Lettera al Segretario del Governo della Colonia Cavalli’, Asmara, 2 May 1907.

²⁴⁰ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Concessione di stipendio all’ex ascari mutilato Ibrahim Abdalla, Asmara’, 9 August 1907.

normal job in the colonial administration. However, common to all those who requested a subsidy was that they had renounced the pension after the end of their service, in favour of a one-time bonus. The value of the end-of-service bonus for claimant *ascaris* varied between 420 lire to about 400 MTT (one MTT being valued at about 2.50 lire at the turn of the twentieth century).²⁴¹ All applicants discussed here declared that they had depleted their bonuses, and this fact was confirmed by the reports compiled by the commissioners.

I will now present some of the most representative pleas, each containing elements that we can find in almost all the other pleas sent to the government.

In July 1907, Ilssai Ghebresghi sent a letter to the Governor, written in a shaky handwriting, from Sebaa in the Šəra‘ region, asking for help.²⁴² The former *ascari* wrote that the shaky handwriting was due to the fact that he “had the foot and hand cut”. On 23 July, Commissioner Teodorani wrote to the Secretary of the Governor, asking him to provide further information about the claimant.²⁴³



All. Sua Licenza Covenatori
Go Sotto, Ascrito
Ilssai Ghebresghi
Scrivo Ma. Per Metervo Ti. Cremano
che io balla la Piedi. Mane Medivo
Per La guerra di Addina Cumar che io
fama. Per Subba. La famiglia Gurgidi
chilano chi io da 6 Anni che fai
Mougina non Appare. Nulla Per Megiani
che per piskire Gugi Rimane
Prego Sua Licenza
Nau, che Dila. Pro pruggi di Salas
Sotto Liba
Suo Servo
Ilssai Ghebresghi

Figure 6. Letter written by Ilssai Ghebresghi to the Governor of the Colony. Source: ASDMAE, AE, pacco 831, *Da Ilssai Ghebresghi al Governatore, allegata a Domanda di Sussidio, Commissario del Seraè alla Segreteria di S.E. il Governatore*, ‘Addi Ugri, 23 July 1907.

²⁴¹ ASDMAE, Archivio Storico del Ministero dell’Africa Italiana (ASMAI), posizione 22/1, ‘Circolazione monetaria tallero di Maria Teresa 1900, Richiesta di talleri di M.T.’, Asmara, 11 February 1900.

²⁴² ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Da Ilssai Ghebresghi al Governatore, allegata a Domanda di Sussidio, Commissario del Seraè alla Segreteria di S.E. il Governatore’, ‘Addi Ugri, 23 July 1907.

²⁴³ ASDMAE, AE, pacco 831, ‘Domanda di Sussidio, Commissario del Serae alla Segreteria di S.E. il Governatore’, ‘Addi Ugri, 23 July 1907.

According to the subsequent report, Elsal “Gebresghi”²⁴⁴ had been an *ascari* of the 5th Company of the 1st Indigenous Battalion, and had declined the pension six years before, opting instead for a one-time bonus of 270 lire.²⁴⁵ With that sum, he bought some cattle, which then perished due to the *gullhai* between 1903 and 1904. For this reason, to farm the land he had in Sebaa, he was forced to seek help from his fellow countrymen. At the time of the petition, he had a wife and three children, and owned only one cow. In order to help him, the Commissioner gave him a subsidy of 50 MTT, provided that he would use them to buy a pair of oxen to work the land.²⁴⁶

Despite Teodorani’s advice, Ilssai Ghebresghi was allowed only 30 MTT.²⁴⁷ Unfortunately, we do not know how Ilssai Ghebresghi spent the sum. What we do know is that the average price of an ox in 1905 was 25 MTT,²⁴⁸ and so Teodorani’s original proposed subsidy of 50 MTT would have enabled Ilssai Ghebresghi to buy a pair of oxen for his fields. On 1 August 1907, the same proposal of a 50 MTT subsidy was advanced by Teodorani for the former *ascari* of the 4th Battalion, Tesfa Ghedai.²⁴⁹ Being a *rəstāñña* (*rəst* owner), a pair of oxen would have helped him to farm his land. Even in this case, only 30 MTT were granted to Tesfa Ghedai. Indeed, 30 MTT was the highest sum granted as a one-time subsidy. The only exception that could be found for this study forms part of a group of older requests, and concerns the case of Bescir Agos, *ascari* of the 1st Company of the 5th Battalion. In 1895, he was injured during the battle at Mai-Maret and was subsequently declared unfit and discharged without any subsidy.²⁵⁰ He had previously sold a mule on credit to Major Pinelli for 48 MTT. Pinelli, however, died at the Battle of ‘Adwa without paying his debt. Being unfit for

²⁴⁴ I have retained the spelling of the *ascaris*’ names as they were reported in the documents.

²⁴⁵ Elsal Gebresghi had declined the pension and instead opted for a one-time bonus in 1901, five years after the battle of ‘Adwa, as was allowed by the 1893 Regulations. See ‘Regolamento di Disciplina, Art. 46’ in Mori, *Manuale di legislazione della colonia Eritrea*, 2: 815–17.

²⁴⁶ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Commissario del Serae alla Segreteria di S.E. il Governatore’, ‘Addi Ugri, 23 July 1907.

²⁴⁷ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Segreteria del Governo della Colonia a Commissario regionale di ‘Addi Ugri’, 9 August 1907.

²⁴⁸ Marchi, *Studi sulla pastorizia della colonia Eritrea*, 17.

²⁴⁹ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Istanza di Tesfā Ghedai, Commissariato Regionale del Serae alla Segreteria di S.E. il Governatore’, ‘Addi Ugri, 1 August 1907.

²⁵⁰ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Domanda di sussidio, alla Segreteria del Governatore della Colonia’, Asmara, 4 October 1906.

work, Bescir Agos's six children were raised by his brother Mohammed Agos, an *ascari* himself, who was still in service. Colonel Pecori-Giraldi, Commander of the RCTC, made an enquiry that confirmed Bescir Agos's story, and the Government granted him a subsidy of 48 MTT, which was the amount due for the mule.

Ibrahim Abdalla had lost all his cattle to the *gulhai*, and subsequently wrote a letter to the Government in July 1907.²⁵¹ An 'Adwa amputee, his countrymen gave him land to farm in order to be able to support his family. He had a wife and five children. Being unfit for work, he hired a farmer to work his land using his brother's oxen, setting aside a quarter of the produce for himself. The *Residente*²⁵² of the Märäb province proposed giving him 25 MTT to buy "some small livestock". The government settled on granting a subsidy of 20 MTT,²⁵³ given that the price of a sheep was around around 2 MTT at that time.²⁵⁴

Most of the cases I have analysed also bring to light the existence of forms of mutual help between the members of the veterans' communities. The amputees were clearly unfit for work in the fields and found help in their kin and fellow countrymen. Other two pleas I have analysed here come from two former comrades in arms of the same company (3rd Company, 8th Battalion), both living in the small village of Zeban Debri (in the Şəra' region).²⁵⁵ Maru Agos, son of Agos and Lelit Ragua, was 45 years old and farmed a communal land with the help of the other villagers to earn a living for himself, his wife, and his four children. His oldest son, who was 11 years old, worked as a servant. Having renounced the pension, he had depleted the 210 MTT bonus he received from the

²⁵¹ ASDMAE, AE, pacco 831, 'Personale vari indigeni e pratiche varie riguardanti indigeni, Istanza Ibrahim Abdalla, Residenza del Mareb a S.E: il Governatore della Colonia (Segreteria)', 22 July 1907.

²⁵² The role of the *residente* was first defined by Governor Ferdinando Martini, during his administrative reorganisation of the colony in 1898. A *residenza* could be established an administrative unit smaller than a region, and the *residente* was the representative of the governor of the colony for that portion of territory. See Decreto governatoriale n. 44, 29 June 1898, in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 4 (Rome: Tip. dell'Unione, 1914), 71.

²⁵³ ASDMAE, AE, pacco 831, 'Personale vari indigeni e pratiche varie riguardanti indigeni, Concessione di sussidio all'ex ascari mutilato Ibrahim Abdalla, Segreteria del Governo a Residenza del Mareb', Asmara 9 August 1907.

²⁵⁴ The average price of a goat was 1 ½ MTT. See Marchi, *Studi sulla pastorizia della colonia Eritrea*, 17.

²⁵⁵ ASDMAE, AE, pacco 831, 'Personale vari indigeni e pratiche varie riguardanti indigeni. Mutilati. Informazioni. Compagnia Carabinieri Reali, Comando all'Onorevole Governo (Direzione Affari Civili), Asmara', Asmara, 14 October 1907.

government when he retired, and was granted a 8 MTT one-time subsidy.²⁵⁶ His former comrade, Brahanù Uoldehannes, born in Enda Alia Semiel (Şəra‘ region) about 30 years before, was also living with his wife and his three children on the products of a field harvested by his fellow villagers.²⁵⁷ He was also given 210 MTT after he opted out the pension, and received 8 MTT from the government in response to his petition.²⁵⁸

Also present are some exceptions, regarding veterans with no access to land, who nevertheless refused the pension. Adakanin Ghebru (elsewhere Adamon), a former *zaptiè*, was born in Ad Teclesan. He took shelter in a “tucul” in Eliberet (Ela Behred, near Kärän)²⁵⁹ with his wife and two children, “living on charity” after the 425 lire he received by the government as an alternative to the pension was all gone.²⁶⁰ After a 4-day journey on foot, he reached Asmara to deliver his petition to the governor himself during June 1907: “I have no wealth,” he wrote, “[in the form of] goats, cattle etc.”. The governor allowed him a 5 MTT subsidy.²⁶¹

Not all of the investigations ended well for the applicants, and some requests were rejected. The former *ascari* of the Customs Office, Abbai Burrù, wrote to the Government asking for a job in Asmara to earn money in order to help his sick mother.²⁶² Enquiries into the merits of his case led to the discovery that he had been sentenced for three charges, including theft and fraud, which caused him to be expelled from the army on 19 February 1907. Even though he could write and read Italian, Arabic, Amharic and Təgre, anybody interested in hiring him was discouraged to do so by the Commander of the *Carabinieri* Artuffo.²⁶³

²⁵⁶ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni. Concessione di sussidi a ex ascari mutilati. Ufficio di Governo (Segreteria) al Signor Economo, Asmara’, Asmara 23, October 1907.

²⁵⁷ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni. Mutilati. Informazioni. Compagnia Carabinieri Reali, Comando all’Onorevole Governo (Direzione Affari Civili), Asmara’, Asmara, 14 October 1907.

²⁵⁸ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni. Concessione di sussidi a ex ascari mutilati. Ufficio di Governo (Segreteria) al Signor Economo, Asmara’, Asmara 23, October 1907.

²⁵⁹ Consociazione Turistica Italiana, *Guida dell’Africa Orientale Italiana* (Milan, 1938), 212.

²⁶⁰ ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni. All’Illustrissimo Governatore Sig. Marchese Salvago Raggi’, Asmara, 26 June 1907.

²⁶¹ *Ibidem*, side note.

²⁶² ASDMAE, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Abbau Burrù a Sua Eccellenza il Governatore della Colonia Eritrea’, Asmara, 7 May 1908.

²⁶³ ASDME, AE, pacco 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Lettera del Comandante dei Carabinieri Artuffo’.

Besides his condition as an amputee, tuberculosis made Ali Mohammed unable to “earn a piece of bread”, after he had spent the 525 lire he received from the government due of his illness. He played the card of his poor health, together with an appeal to his family’s plight and a very emotional writing style (“with tear-soaked eyes and a pounding heart”) to get a subsidy.²⁶⁴ However, after a background check, the government discovered that his wife and children had long since left him; thus, they decided to refuse him any subsidy at all to punish him for his lie.²⁶⁵ This last case is also interesting because it reveals that not all the Italian officers agreed with the subsidisation policy. According to Commissioner Vittorio Fioccardi, who had made the inquiries on Ali Mohammed’s case, “as a matter of principle, the granting of subsidies to those who renounced the pension should be avoided”.²⁶⁶ Ironically, Fioccardi’s enquiries showed that Ali Mohammed was being supported by another amputee, who, on the contrary, had opted for the pension.²⁶⁷

On other occasions, the personal conditions of amputee helped, despite of bad references or records of bad behaviour. The story of Garanchiel Uorché of the 3rd Company of the 4th Battalion, is a good example.²⁶⁸ Garenchiel Uorché, born in Zeban Debri, had four children and took part in some of the most important battles the Italian colonial army had fought. As an attendant for Major Toselli, Garenchiel Uorché fought in the Battle of Kassala²⁶⁹ and the Battle of Amba Alage. For the latter action he received a letter from Major Toselli recommending him for a silver medal. Injured at the right hip, he was captured by the enemy. Once freed, he sought safety at the fort of Mäqälä, then under siege by *Ras Mäk’ännən*. During the Battle of ‘Adwa, he was injured in the head and captured again. Together with his fellow *ascaris*, his right hand and his left foot were amputated. On 16 September the Government agreed to grant him 25 MTT (“him being more disgraced than

²⁶⁴ ASDMAE, AE, pacco 831, Personale vari indigeni e pratiche varie riguardanti indigeni. ‘Illustrissimo Sig. Marchese Salvago Raggi, Governatore della Colonia Eritrea’, Asmara, 4 June 1907.

²⁶⁵ ASDMAE, AE, pacco 831, Personale vari indigeni e pratiche varie riguardanti indigeni. ‘Il Commissario Fioccardi al signor Segretario del Governatore’, Kärän, 22 June 1907.

²⁶⁶ *Ibid.*

²⁶⁷ *Ibid.*

²⁶⁸ ASDMAE, AE 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Garenchiel Orché [sic] al Commissario di Adi Ugri’, Asmara 7 September 1907.

²⁶⁹ Garenchiel Uorchè states that on that occasion, Major Toselli gave him a silver medal. However, his name does not appear on the list of the rewards issued for the Battle of Kassala. See *Gazzetta Ufficiale del Regno d’Italia, anno 1894*, no. 234, 5 October 1894.

his fellows”²⁷⁰) which he collected in Asmara.²⁷¹ After that, he went back to ‘Addi Wəgri, and tried to cheat the Government with a new application for a subsidy with Commissioner Teodorani. The Government had not informed him that Garenchiel Uorché had already received a subsidy. However, when the deceit was discovered, Teodorani decided not to punish Grenchiel Uorché given that “he is a poor amputee”.²⁷²

These examples bring to surface the existence of common patterns and motivations, which can help to shed light on the choices of the *ascaris*. First of all, most of them had joined the army in the wake of the catastrophic economic and environmental crisis brought by the rinderpest epizootic. Second, they renounced the pension, and used their bonuses to buy cattle and to put them in use working their lands. A similar strategy is identified by Jean and John Comaroff in South Africa, in the case of the Tswana converting currency to buy back the cattle they had lost during a rinderpest epidemic in 1896.²⁷³ In both these cases, cattle were preferred to a regular pension by the colonised subjects as a way to store wealth. This is particularly relevant in the case of the amputees of ‘Adwa, as they were clearly unfit for work, and, from the colonial government’s point of view, would have benefitted from the pension.

In his report of the survey on pastoralism in Eritrea conducted in 1907, the zootechnician Ezio Marchi wrote that

[the] Eritreans find in cattle the basis of their life and their wealth [...]. These people feel the necessity of cattle so much, that when they have some thalers available they invest it in cattle; it is not uncommon that some *ascaris*, not having enough money to buy a cow, come together to buy it in partnership. And this is logical: there are no factories there, there is no better way to

²⁷⁰ *Ibid.*

²⁷¹ ASDMAE, AE 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Ex ascari mutilato Garenciel Uorché, Al Signor Commissario’, ‘Addi Ugri, 16 September 1907.

²⁷² ASDMAE, AE 831, ‘Personale vari indigeni e pratiche varie riguardanti indigeni, Ex-ascari mutilato Garenchiel Uorché, Commissario Regionale del Seraé alla Onorevole Segreteria di S.E. il Governatore’, ‘Addi Ugri, 23 September 1907.

²⁷³ Jean and John L. Comaroff, ‘Cattle, Currencies & the Politics of Commensuration on a Colonial Frontier’, in *The Political Economy of Everyday Life in Africa: Beyond the Margins*, edited by Wale Adebawale (Boydell & Brewer, 2017), 35–71.

transform wealth into an asset. Livestock are the only tools to transform into goods those things that are not goods, and cannot become goods in other way.²⁷⁴

Unlike his peers, Marchi had understood the importance of cattle as a store of wealth in that particular regime of value. In fact, after losing their livestock again because of the second wave of rinderpest, many of the veterans resorted to the Government of the colony to ask for cash, and then reinvested that cash into cattle. After all, they had seen the vulnerability of the colonial system when it almost crumbled; all but crushed under the weight of its ambitions in ‘Adwa. Hence, they reverted to the moral solidity of their regime of value. It would take the occurrence of another series of environmental calamities to convince some of the *ascaris* to turn again to the Italian Government to earn a living, or, using the phrase so frequently found in their letters, to earn “a piece of bread”.

²⁷⁴ Marchi, ‘Il bestiame dell’Eritrea’, 329–30.

Chapter 3

Credit institutions and the impact of Italian monetary policies in Eritrea since the outbreak of the First World War

3.1 Introduction: The economic and financial effects of the First World War

As we have seen in previous chapters, when the Italians arrived in Massawa in 1885, they were confronted with a multiple-currency monetary system. By looking at the report compiled by Ennio Quirino Alamanni in 1891 it can be seen that, in addition to the Maria Theresa thaler (MTT) and Egyptian piastres, Indian merchants traded with Indian rupees, and several other "commodities", such as cotton cloth and salt bars called *amolé*, were still used as money on the Red Sea coasts and in Ethiopia.¹ The first attempt to introduce a new Italian silver coin into the colony, the *tallero eritreo*, did not change the situation. Even though the 5 lire coin did not substitute the MTT, some subsidiary coins (especially the $\frac{1}{10}$ thaler coin, issued with a 0.50 lire value and the 0.05 and 0.10 lira bronze coins) were successful in local markets, as they performed the task of lower-denomination MTT coins (the MTT had previously circulated without any metallic lower denominations). Some banknotes had also circulated in the colony since 1886, but they were usually used by wholesale traders and rarely by ordinary Eritreans.² Rather than a colonial monetary system, a multiple currency system endured in the colony, and the local buyers and sellers adapted the Italian subsidiary coins into it. The Indian merchants continued to use the rupee on the coast, and the Maria Theresa thaler continued to be the only universally accepted silver coin in the colony and across its borders. For this reason, it was important that a sufficient quantity of Maria Theresa thalers circulated in the region, to facilitate inter-regional trade. However, at the outbreak of the First World War, the Austrian mint stopped issuing MTT. Therefore, a short supply of MTT became one of the most dramatic consequences of the First

¹ Ennio Quirino Mario Alamanni. *La Colonia Eritrea e i Suoi Commerci* (Torino: Fratelli Bocca, 1891) 275, 705; Richard Pankhurst, "Primitive Money" in Ethiopia'. *Journal de La Société des Africanistes* 32, no. 2 (1962): 213–48; Richard Pankhurst, *Economic History of Ethiopia, 1800-1935* (Addis Ababa: Haile Sellassie University Press, 1968), 460–68.

² Arnaldo Mauri, *Il Mercato Del Credito in Etiopia* (Milan: Giuffrè, 1967) 144.

World War on the Eritrean economic system, as well as for the trade network of the Red Sea region.³

In this chapter, the exceptional effects of the First World War will allow us to shed light on the role of the MTT in local markets, highlight its importance for the Eritrean economy, and position our discussion of the Italian colony in a broader context. This will be achieved by tracing the circulation of the silver coin at this time.

The historical period from the eve of the First World War to the interwar years represents a turning point for the colony. Any idea of an agrarian settlement colony had been abandoned, but the transformation of the colony into a commercial hub was just beginning.⁴ The railway connecting the port town of Massawa, on the Red Sea, to the capital, Asmara (2,200 metres above the sea level), was completed in 1911. Around this time, the first bank branch had also just opened.⁵ After the War, a period of strategic transformation of the colony began. A more aggressive political and commercial strategy will make its influence felt in both Ethiopia and on the opposite shores of the Red Sea.⁶

The importance of the impact of the First World War in Africa, and the “diversity of its experiences”, was acknowledged in a special issue of the *Journal of African History*.⁷ Subsequent work has focused on the contributions that African colonies brought to the First World War,⁸

³ Before the outbreak of the war, in his overview of the monetary systems of the Red Sea region, Carlo Rossetti acknowledged that the MTT was widely circulating in Ethiopia and in the Arabian Peninsula, too. Carlo Rossetti, *Il regime monetario delle colonie italiane* (Rome: Tipografia dell'Unione Editrice, 1914), 36. See sections 1.2 and 1.4 in this thesis.

⁴ Podestà, Gian Luca. *Il mito dell'Impero. Economia, politica e lavoro nelle colonie italiane dell'Africa Orientale 1898-1941*. (Turin: Giappichelli, 2004), 172–76.

⁵ Colosimo, Gaspare. *Relazione al Parlamento sulla situazione politica economica ed amministrativa delle colonie italiane*. (Rome: Tipografia del Senato, 1919), 108.

⁶ Podestà, *Il mito dell'Impero*, 177.

⁷ Rathbone, Richard. ‘World War I and Africa: Introduction’. *The Journal of African History* 19, no. 1 (January 1978): 1–9. The book curated by Melvin Page collects more contributions about the participation of Africans in the First World War, either as soldiers or labourers. See Page, Melvin E, ed. *Africa and the First World War*. (Houndmills Basingstoke: Macmillan), 1987. Another milestone for the study of the impact of the First World War in Africa is Crowder, Michael. ‘The First World War and Its Consequences’. In *General History of Africa. Africa Under Colonial Domination 1880-1935*, ed. A. Adu Boahen, (California: Heinemann, 1985), 283–311.

⁸ For a general introduction of the events of the First World War that occurred in Africa, see Hew Strachan, *The First World War.*, vol. 1 (Oxford: Oxford Univ. Press, 2003), 495–643; Hew Strachan, *The First World War in Africa* (Oxford: Oxford University Press, 2007).

especially in terms of soldiers,⁹ labourers,¹⁰ and other economic efforts.¹¹ Less attention has been dedicated to the impact of the War on colonial finances and monetary circulation.¹² During the First World War, the gold standard system collapsed, leaving world currencies free to float.¹³ The rising prices of precious metals on international markets and the high demand for currency in Europe itself—a result of rising volumes of industrial production supporting the war effort—caused a lack of currency circulation in most European colonies.¹⁴ In a recent special issue of the journal *Afrique e Orienti* focussed on the economic impact of the First World War in Africa, Karin Pallaver shows that the lack of currency in British East African colonies caused difficulties in paying carriers and soldiers coming back from the front.¹⁵ In West Africa, the lack of circulating currency caused a significant part of the indigenous population to revert to the use of commodity money, such as cowries.¹⁶ Moreover, the currency crisis led to the formulation of new monetary policies that, together with the

⁹ For more on the employment of indigenous soldiers during the First World War see, (amongst others): for the French colonies, Charles John Balesi, *From Adversaries to Comrades-in-Arms: West Africans and the French Military, 1885-1918* (Waltham, MA: African Studies Assn./Crossroads Press, 1979); Myron J Echenberg, *Colonial Conscripts: The Tirailleurs Sénégalais in French West Africa, 1857-1960* (London: Currey, 1991).; for the British colonies, Roger Thomas, 'Military Recruitment in the Gold Coast during the First World', *Cahiers d'études Africaines* 15, no. 57 (1975): 57–83; David Killingray, 'Repercussions of World War I in the Gold Coast', *The Journal of African History* 19, no. 1 (January 1978): 39–59; David Killingray, 'Guardians of Empire', in *Guardians of Empire. The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David Omissi (Manchester and New York: Manchester University Press, 1999), 1–24; Timothy Charles Winegard, *Indigenous Peoples of the British Dominions and the First World War* (Cambridge: Cambridge University Press, 2014); for the German colonies, Kirsten Zirkel, 'Military Power in German Colonial Policy: The Schutztruppen and Their Leaders in East and South-West Africa, 1888-1918', in *Guardians of Empire. The Armed Forces of the Colonial Powers c. 1700-1964*, ed. David Killingray and David Omissi (Manchester and New York: Manchester University Press, 1999). Zirkel, 'Military Power in German Colonial Policy: The Schutztruppen and Their Leaders in East and South-West Africa, 1888-1918'; Michelle Moyd, 'Color Lines, Front Lines. The First World War from the South', *Radical History Review* 2018, no. 131 (1 May 2018): 13–35.

¹⁰ See, for example, the role of porters in Michael Pesek, 'The War of Legs. Transport and Infrastructure in the East African Campaign of World War I', *Transfers. Interdisciplinary Journal of Mobility Studies* 5, no. 2 (2015): 102–20.

¹¹ For the French colonies, see especially Marc Michel, *Les Africains et la Grande Guerre. L'appel à l'Afrique (1914-1918)* (Paris: Karthala, 2014). For the British colonies, see Akinjide Osuntokun, *Nigeria in the First World War*. (London: Longman, 1979); David Killingray, 'Military and Labour Recruitment in the Gold Coast During the Second World War', *The Journal of African History* 23, no. 1 (January 1982): 83–95; Elizabeth Wrangham, *Ghana during the First World War: The Colonial Administration of Sir Hugh Clifford* (Durham, North Carolina: Carolina Academic Press, 2013).

¹² This is a general tendency in the literature about the First World War, because historians have been more interested in studying the economic impact of the war and the allocation of economic resources, rather than monetary management. See Strachan, *The First World War. I*, 815. For an overview about the impact of the First World War on colonial finance, see Karin Pallaver, 'War and Colonial Finance (Africa)', ed. Daniel Ute et al. (Berlin: Freie Universität Berlin, 2015).

¹³ Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System - Third Edition*, 2019, 44–45.

¹⁴ Pallaver, 'War and Colonial Finance (Africa)'.

¹⁵ Karin Pallaver, 'Pockets Full of Rupees, but Bodies Very Weak: The Carrier Corps and Their Demobilization at the End of WWI in East Africa', *Afrique e Orienti*, no. 3 (2019): 79–96.

¹⁶ Killingray, 'Repercussions of World War I in the Gold Coast', 45; Michel, *Les Africains et la Grande Guerre. L'appel à l'Afrique (1914-1918)*, 167.

post-War trade depression, produced turmoil among the indigenous population and colonial settlers.¹⁷ As Wambui Mwangi shows in her work on the consequences of the policies issued following the foundation of the East African Currency Board in 1919, the study of currency crises is a tool to analyse how power is renegotiated among colonial subjects, and between them and colonial governments.¹⁸ For these reasons, the study of the consequences of the First World War can be a workbench in analysing the functioning of the Eritrean monetary system, and studying the manner in which different actors positioned themselves in relation to it and to colonial monetary policies.

No war action occurred in Eritrea, but some recent studies have described the economic impact of the War on the Italian colonies. Italy has never deployed indigenous troops on European fronts;¹⁹ however, the war effort for the invasion of Libya had put major pressure on the labour reserve in Eritrea, causing an increase in regional migration flows of labourers to be recruited into the army or as salaried workers in Eritrea.²⁰ In a recent volume, the impact of the First World War on north-east Africa is analysed by an examination of the effect of the War on the balances of power, at the level of changing colonial strategies and local agencies.²¹ The aim of this book is to go beyond the nation-state division by including inter-regional connections in the analysis, as well reframing the classical 1914-1918 periodisation of the War so as to look at the complexities present before and after the War. Among the various scholarly contributions to this volume, Massimo Zaccaria focussed on the economic impact of the War on Eritrea through the history of the first canned meat factory in the

¹⁷ Karin Pallaver, 'A Currency Muddle: Resistance, Materialities and the Local Use of Money during the East African Rupee Crisis (1919–1923)', *Journal of Eastern African Studies*, 2019, 1–19.

¹⁸ Wambui Mwangi, 'Of Coins and Conquest: The East African Currency Board, the Rupee Crisis, and the Problem of Colonialism and the East African Protectorate', *Comparative Studies in Society and History* 4, no. 4 (2001): 763–87.

¹⁹ A number of reasons were enumerated to justify this decision. Amongst these were the harshness of the winter weather in Europe for Libyan and Eritrean soldiers, the "convenience" of deploying colonial troops in a patriotic war against Austria, and also the matter of the reliability of indigenous soldiers. See Alessandro Volterra, 'Askaris and the Great War: Colonial Troops Recruited in Libya for the War but Never Sent to the Austrian Front', in *The First World War from Tripoli to Addis Ababa (1911-1924)*, ed. Shiferaw Bekele, Uoldelul Chelati Dirar, and Alessandro Volterra (Addis Ababa: Centre français des études éthiopiennes, 2018). For the numbers of indigenous soldiers employed in the Libyan campaign, see Alessandro Volterra, *Sudditi coloniali: ascari eritrei 1935-1941* (Milano: F. Angeli, 2005), 48–49, 52–55.

²⁰ Stefano Bellucci and Massimo Zaccaria, 'Wage Labor and Mobility in Colonial Eritrea, 1880s to 1920s', *International Labor and Working-Class History* 86 (2014): 89–106.

²¹ Shiferaw Bekele et al., eds., *The First World War from Tripoli to Addis Ababa (1911-1924)* (Addis Ababa: Centre français des études éthiopiennes, 2019).

colony.²² The Torrigiani factory had signed a contract with the Italian Ministry of War before the outbreak of the First World War, for the provision of 1.2 million cans of tinned meat per year, for nine years, to the Italian army.²³ The war effort brought the total request to 24 million cans by 1921-1922.²⁴ This order put unbearable pressure on the local cattle reserve, which had been already reduced by the rinderpest. As a consequence of that and of the naval blockade that impeded the import of livestock from Yemen, the colonial government was forced to impose a quota system on local cattle in order to meet the needs of the factory.²⁵ The obstacles in obtaining enough food supply, the shortage of circulating currency and the rise of prices, together with the request for cattle at reduced prices, provoked a protest in the Akkälä Guzay region.²⁶

In another paper, Zaccaria analyses Italian attempts to enhance the agricultural production of the Italian colonies in order to support the war effort.²⁷ Through the analysis of “what was attempted unsuccessfully”, Zaccaria intends to show how the effort to achieve self-sufficiency in the colonies had a disruptive impact, notwithstanding poor results in terms of Italian expectations. In the case of Eritrea, the colonial government asked the indigenous population to revert to the production of cereals, potatoes and other staples, to be sent to Italy. The result was that not even self-sufficiency in the production of foodstuffs was achieved, and government demands were received with a general popular protest.²⁸

As we will see, from 1916 the colonial government assigned to the recently opened agencies of the Bank of Italy a monopoly of money-changing activity in the colony, thus attempting to control the circulation of the MTT and curb speculation. The opening of the bank also represents an important opportunity for historical research. The surveillance activity of the bank on local monetary circulation

²² Massimo Zaccaria, ‘Feeding the War: Canned Meat Production in the Horn of Africa and the Italian Front’, in *The First World War from Tripoli to Addis Ababa (1911-1924)*, ed. Shiferaw Bekele, Uoldelul Chelati Dirar, and Alessandro Volterra (Addis Abbeba: Centre français des études éthiopiennes, 2018), 193–224.

²³ *Ibid.*, 199.

²⁴ *Ibid.*, 200.

²⁵ *Ibid.*, 200–203.

²⁶ *Ibid.*, 206–8.

²⁷ Massimo Zaccaria, ‘“Not a Hectare of Land Shall Remain Uncultivated This Year!”’. Food Provisions for Italy and the Role of the Colonies, 1917-1918’, *Afriche e Orienti*, no. 3 (2019): 25–41.

²⁸ *Ibid.*, 29–32.

provides important documentary evidence that sheds light on the financial landscape of the colony. Few studies describe the history of the banking activities in the Italian colony of Eritrea. Arnaldo Mauri focusses on the history of the banks in Ethiopia, providing some information about the history of banking in Eritrea too. His works also describe the colonial monetary system in Eritrea, but they are mostly grounded in colonial publications on this theme.²⁹ In a publication promoted by the Bank of Italy, Ercole Tuccimei presents the activities of the Bank of Italy in the colonies, from its first indirect participation in colonial activities in Benadir (1889) to the closure of its ex-colonial branches (1948).³⁰ Charles Schaefer offers an insightful description of the Ethiopian banking system and of its interaction with the “informal” credit networks managed by Indian merchants.³¹

The Eritrean monetary system during Italian colonialism is described in a few publications by Richard Pankhurst.³² Recently, Steven Serels has made an overview of the colonial monetary systems in the Southern Red Sea Region, encompassing Italian, French and British colonies.³³ In this paper, Serels does not specifically focus on the First World War currency crisis, but instead on the unintended instability brought on by the introduction of colonial currencies in the area, which provoked a loss of wealth amongst indigenous people.³⁴ Pallaver, on the other hand, specifically analyses the consequences of the First World War on the monetary system of the Italian colonies of Somalia and

²⁹ Arnaldo Mauri, *Il mercato del credito in Etiopia*, (Milano: Giuffrè, 1967); Arnaldo Mauri, ‘Le Credit Dans La Colonie Italienne d’Erythree, 1882-1935’, *Revue Internationale d’Histoire de La Banque* 20/21 (1980); Arnaldo Mauri, *Moneta e banca in Etiopia. Mercati creditizi dei paesi africani* (Milan: Giuffrè, 1986); Arnaldo Mauri, ‘The First Monetary and Banking Experiences in Eritrea’, *African Review of Money Finance and Banking*, no. 1/2 (1998): 67–84.; Arnaldo Mauri, ‘Eritrea’s Early Stages in Monetary and Banking Development’ (Rochester, NY: Social Science Research Network, 2003).

³⁰ Ercole Tuccimei, *La Banca d’Italia in Africa: introduzione all’attività dell’Istituto di emissione delle colonie dall’età crisipina alla Seconda Guerra Mondiale* (Roma: Laterza, 1999).

³¹ Charles Schaefer, ‘The Politics of Banking: The Bank of Abyssinia, 1905-1931’, *The International Journal of African Historical Studies* 25, no. 2 (1992): 361; Charles Schaefer, ‘Competitors Yet Partners: The Bank of Ethiopia and Indian Informal Bankers, 1931-1936’, *Journal of Ethiopian Studies* 27, no. 2 (1994): 45–68. Some more articles about banking in Ethiopia have been published by Pankhurst: Richard Pankhurst, ‘Ethiopian Monetary and Banking Innovations in the Nineteenth and Early Twentieth Centuries’, *Journal of Ethiopian Studies* 1, no. 2 (1963): 64–120; Richard Pankhurst, ‘The History of Currency and Banking in Ethiopia and the Horn of Africa from the Middle Ages to 1935’, *Ethiopia Observer*, 1965.

³² Pankhurst, ‘“Primitive Money” in Ethiopia’; Pankhurst, *Economic History of Ethiopia*, 478-494; Richard Pankhurst, ‘The Advent of the Maria Theresa Dollar in Ethiopia, Its Effect on Taxation and Wealth Accumulation and Other Economic, Political and Cultural Implications.’, *Northeast African Studies* 1, no. 3 (1979): 19–48.

³³ Steven Serels, ‘The Circulation of Modern Currencies and the Impoverishment of the Red Sea World 1882-2010’, in *Currencies of the Indian Ocean World*, ed. Steven Serels and Gwyn Campbell, Palgrave Series in Indian Ocean World Studies (Palgrave Macmillan, 2019), 141–64.

³⁴ *Ibid.*, 161.

Eritrea.³⁵ In particular, Pallaver focusses on the (failed) Italian attempts to substitute the Maria Theresa thaler with new silver coins issued by the Italian mints. According to Pallaver, the Italian failures were the result of a lack of understanding of the functioning of the local monetary system and of the role of the MTT. In this respect, Akinobu Kuroda provides an explanation of the success of the MTT in the region and the difficulties colonial powers encountered in attempting to get rid of it. Analysing colonial reports and quantitative data about trade volume and exchange rates in the period from 1935 to 1941, Kuroda shows that the MTT operated as a “buffer money” in connecting different market levels. In a triple-layer system, the MTT facilitated the “vertical” conversion between smaller denomination coins to international trade currencies like the pound sterling.³⁶ At the same time, the inter-regional circulation of thalers allowed the “horizontal” connection between different local markets.³⁷ By comparing data from different periods when the value of the MTT remained stable, Kuroda also managed to demonstrate the influence of the quantity of circulating thalers in the adjustment of commodity and foodstuff prices.³⁸ A shortage of thalers disrupted the connection between markets, causing a reduction in the volume of collected commodities and producing a rise in prices.³⁹

The efficacy of Kuroda’s explanation lies in the concept of the complementarity of different kinds of money in a multiple currency system, like the one of the Red Sea region: “the complementary relationship among monies means that no money works independently, but a combination of monies can do what a single money cannot”.⁴⁰ It is because of this “non-substitutability among monies” that colonial policies did not manage to eliminate the Maria Theresa thaler from circulation.⁴¹

By analysing an earlier period from that of Kuroda’s work, this chapter will add a contribution to

³⁵ Karin Pallaver, ‘Da moneta straniera a moneta nazionale: Prima Guerra Mondiale, politiche coloniali e circolazione monetaria in Eritrea e Somalia’, in *Africa. Storia, Antropologia, Economia, Migrazioni*, ed. Donatella Strangio (Roma: Edizioni Nuova Cultura, 2018), 95–124.

³⁶ Akinobu Kuroda, ‘The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets’, *Financial History Review* 14, no. 1 (2007): 101.

³⁷ *Ibid.*, 107.

³⁸ *Ibid.*, 106.

³⁹ *Ibid.*, 107.

⁴⁰ *Ibid.*, 109.

⁴¹ *Ibid.*, 107.

the history of the financial impact of the First World War in the Italian colony of Eritrea, by describing the effect of the War on the local monetary system and the Italian policies implemented to deal with the shortage of currency. In this chapter, I will describe the local effects and reactions to these policies. The representation of the consequences of the MTT shortage and of the colonial policies will clarify the reasons for the success of the MTT in the region (and of the failure of the attempts to substitute it).

This chapter is organised in two parts. In the first part, I will describe some forms of credit services in Eritrea before the opening of the first bank branch. This will allow an examination of the way in which some actors managed to position themselves at the junction of different monetary networks and take advantage of them. I will then introduce the proposal made before the opening of the agencies of the Bank of Italy and conclude with a brief description of the history of the banks in Eritrea. This will serve to introduce the role that the Bank of Italy had in dealing with the shortage of MTTs during the First World War, in the scope of Italian monetary policies. In the second part of the chapter, I will describe these very policies. By prohibiting negotiations in MTT in the markets first and abolishing the use of the MTT later, the colonial government attempted to cut off the local market prices of commodities and foodstuffs from the fluctuating value of the MTT. Through the reports of Regional Commissioners, we will see that the policies were not accepted by indigenous people. This resulted in the disruption of the local goods transport system, which had previously functioned thanks to payments in MTT. At the same time, those who had been included in the colonial economic system through the payment of wages in lire faced the greatest difficulties, as the lira progressively lost value over the entire period of the War, and the value of the MTT continued to rise. This situation reminds of that described by Mahir Şaul in colonial Haute Volta, where, by refusing money issued by the government and continuing trade with cowries, woman traders, merchants and elders managed to maintain more economic independence compared to wage labourers.⁴² I will then go on to describe the effects of the introduction of two monetary “devices” by the colonial government in the attempt

⁴² Mahir Saul, ‘Money in Colonial Transition: Cowries and Francs in West Africa’, *American Anthropologist* 106, no. 1 (March 2004): 81.

to confront the shortage of currencies. On the one hand, taking advantage of the shortage of circulating MTT, a new silver thaler, the *tallero d'Italia*, was introduced by the Italians in a failed attempt to supplant the MTT in local and inter-regional commerce. On the other hand, banknotes had been introduced to aid internal circulation, but were not widely accepted in local markets.

At the end of the chapter, I will broaden the focus of my analysis, looking at the effect of the War, the currency shortage and the Italian policies on caravan trade with Ethiopia. Finally, the reports prepared by the agents of the Bank of Italy will help to offer a clear representation of the broader circulation of the MTT in the Red Sea region. As a whole, this analysis will aid us in having a look closer to the ground, so as to see Kuroda's model of the complementarity of currencies at work.

Many of the primary sources I will employ in this chapter have been collected at the *Archivio Storico del Ministero degli Affari Esteri* (ASDMAE) (*Archivio Eritrea*, AE, and *Archivio Storico del Ministero dell'Africa Italiana*, ASMAI), and the *Archivio Storico delle Banca d'Italia* (ASBI). The exceptionality of the period in terms of the monetary history of the colony is also shown by the new research tools offered by the opening of the Bank of Italy in the colony, and its role in the (attempted) control of the circulation of the MTTs. For this reason, in the next section I will briefly introduce the events that led to the opening of the first agencies of the Bank in Eritrea.

3.2 Banking in the colony and local credit institutions

During the first years of occupation, the military administration did not need credit institutions because there were no concrete development projects or plans for investment in productive activities. The only financial service running alongside the treasury in the occupied territories, were those provided by the postal offices. The network of postal offices allowed officers and soldiers to transfer money to and from Italy safely, but also to make international money orders (*vaglia*).⁴³ The *vaglia*

⁴³ Mauri, *Il mercato del credito in Etiopia*, 152. See also 'Circolare Ministeriale 4 febbraio 1885 n. 16. Comunicazioni postali coi presidi del Mar Rosso' in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 1 (Rome: L'Universelle, 1914), 60; 'Regio Decreto 2 luglio 1890 n. 6954, che approva il regolamento generale per il servizio delle poste' in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 2 (Rome: L'universelle, 1914), 100–102.

became a very important tool to rapidly transfer money inside the colony, especially from 1903, when it became possible to make money orders in MTT.⁴⁴ A maximum of 1,200 MTT could be sent between Massawa and Asmara (and 400 MTT towards the other offices of the colony). The amount could be retrieved only in MTT once it reached its final destination.⁴⁵ This measure contributed to making the money order a useful tool for Eritreans as well. In fact, as shown by Massimo Zaccaria, the instrument was used by Eritrean *ascaris* during the Italian invasion of Libya (starting from 1912), to send remittances back home.⁴⁶

The *vaglia* was very useful for the sending of remittances, but the service was not meant to finance the activity of traders and commercial agents. In order to provide credit for the buying of commodities and the financing of productive activities (such as pearl fishing), European and local traders had to turn to a network of local intermediaries and credit providers. Towards the end of the 19th century, in Massawa most of the money lenders and financial agents were “banyans”.⁴⁷ Even if most of the colonial documents refer to them as “banyans”⁴⁸ (in Italian, *baniani*), this name describes people originating from different parts of the Indian subcontinent, mostly of (but not limited to) Hindu religion.⁴⁹ According to William Gervase Clarence-Smith, most of them came from Gujarat but had different geographical origins and cultural identities.⁵⁰ A common trait of the so called “banyans” was their belonging to networks encompassing the whole Indian Ocean, and their general business organisation. In fact, most of them used to arrive in Africa as apprentices in partnership with their

⁴⁴ ‘Decreto Governatoriale 12 giugno 1903 n. 220, che ammette la spedizione con vaglia postale dei talleri di Maria Teresa’, in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 5 (Rome: Tip. dell’Unione, 1914), 204–5.

⁴⁵ *Ibid.*

⁴⁶ Zaccaria reports the verses of a popular song in which an *ascari* asks those at home how they are spending the money he sent through the “*balya*” (postal order). See Massimo Zaccaria, *Anch’io per la tua bandiera: Il V Battaglione ascari in missione sul fronte libico (1912)*, 1 (Ravenna: Giorgio Pozzi editore, 2012), 170; Massimo Zaccaria, ‘Writing Letters from the Libyan Front’, in *Themes in Modern African History and Culture: Festschrift for Tekeste Negash*, by Lars Berge and Irma Taddia (Padova: libreriauniversitaria.it, 2013), 217.

⁴⁷ The presence of “banyan” traders was reported by European travellers and missionaries from the end of the 16th century. See Richard Pankhurst, ‘The Banyan or Indian Presence at Massawa, the Dahlak Islands and the Horn of Africa’, *Journal of Ethiopian Studies* 12, no. 1 (January 1974), 188.

⁴⁸ According to Clarence-Smith, the term comes from “Hindu Vania”, which were the members of the Gujarati commercial caste. William G. Clarence-Smith, ‘Indian and Arab Entrepreneurs in Eastern Africa (1800-1914)’, *Publications de la Société Française d’histoire des Outre-Mers* 2, no. 1 (2001), 335.

⁴⁹ Jonathan Miran, *Red Sea Citizens. Cosmopolitan Society and Cultural Change in Massawa* (Bloomington & Indianapolis: Indiana University Press, 2009), 137.

⁵⁰ Clarence-Smith, ‘Indian and Arab Entrepreneurs in Eastern Africa (1800-1914)’, 335–36.

investors or business treasurers, to become treasurers themselves or open their own firm after several years. Apart from managing their family business, they were often members of larger firms based in India.⁵¹ At the same time, they could partner with local and Arab business families, who represented an essential link for their activities in the Red Sea.⁵² In fact, people originating from the Ḥaḍramawt region of Yemen constituted a “translocal community” that proved to be very successful in commercial and political activities in the Red Sea region.⁵³ Jonathan Miran points out that the use of the term “banyans” has often overshadowed the presence of Muslim Indians too, that integrated into the cosmopolitan community of Massawa, and sometimes even inter-married with non-Indian local and Ḥaḍrami families.⁵⁴ Being amongst the most successful traders in Massawa, the Indian merchants often participated in local productive activities as creditors. For example, the Italian geologist and pearl expert Arturo Issel, during an expedition in the Dahlak Archipelago in 1870, described the role of the “banians” in the local pearl fishing industry. The owner of the boat used to pay the fishermen at the end of the fishing season with the product of their work, minus one third plus the sum of the anticipated expenses for their provisions.⁵⁵ The “banians” financed the expeditions, thus securing the right to purchase the pearls at a discounted price.⁵⁶

Moreover, thanks to their commercial networks, the Indian merchants were fundamental in providing financial services in Massawa at the end of the 19th century, when European credit institutions had not been opened yet. Ennio Quirino Alamanni clearly describes the functioning of the local credit network in his essay on commerce in the Italian colony of Eritrea:

A European firm, with an agent in Massawa, would ask a London firm with relations with a trading house in Bombay to open a line of credit for the agent in Massawa. The London firm

⁵¹ *Ibid.*, 337.

⁵² *Ibid.*, 338. The presence of some form of brokerage related to internal caravan trade is testified by early 18th century accounts. However, Jonathan Miran states that these kinds of brokerage activities seemed to disappear from the beginning of Egyptian rule in Massawa in 1865. See Miran, *Red Sea Citizens*, 114–17.

⁵³ Jonathan Miran, ‘Red Sea Translocals: Hadrami Migration, Entrepreneurship, and Strategies of Integration in Eritrea, 1840s–1970s’, *Northeast African Studies* 12, no. 1 (2012), 130.

⁵⁴ Miran, *Red Sea Citizens*, 143–44.

⁵⁵ Ennio Quirino Mario Alamanni, *La Colonia Eritrea e i Suoi Commerci* (Torino: Fratelli Bocca, 1891), 67.

⁵⁶ Arturo Issel, *Viaggio nel Mar Rosso e tra i Bogos: (1870)* (Milano: Treves, 1872), 80.

would request the credit in pounds sterling, the Bombay firm would calculate it in rupees and supply a chequebook to the agent. When the European agent would be in need of cash, he could sell the cheque to the banyans that would repay it in MTT and send cheque to Bombay to be refunded in rupee... the trader in Massawa would issue a bill of exchange for his London firm to pay back the Bombay firm, charging the [European trader] cheque account. In this way, with the participation of three intermediaries, and with the balancing of three different currencies, a credit operation is achieved.⁵⁷

These kinds of activities allowed Indian merchants to operate speculations.⁵⁸ Their commercial network and their knowledge of the exchange rate of the different currencies circulating in the port town, allowed them to earn “marginal gains”, for example by waiting for the right moment to operate the conversions, especially given the fluctuating value of the Maria Theresa thaler.⁵⁹

Indian merchants did not only operate credit activities for inter-regional and transnational trade. In colonial archives, we can find some evidence of their activity as money lenders inside local markets. Information about local credit institutions in Africa is usually fragmentary. Some information has been gathered about the so-called “informal” credit institutions and their relationship with formal banking system in Ethiopia, from the 1960s and 1970s.⁶⁰ The most widespread kinds of credit institution were the *iddir* and the *iqqub*, which are still practised in Ethiopia today. Richard Pankhurst and Endreas Eshete first described these institutions in an article in the *Ethiopian Observer*

⁵⁷ Alamanni, *La Colonia Eritrea e i suoi commerci*, 286.

⁵⁸ Mauri, *Il mercato del credito in Etiopia*, 147.

⁵⁹ Alamanni continues: “in these bank operations they show all the proverbial ability of their caste, acquainted, as they are, with the complicated functionality of credit, not turning their noses up at the most insignificant earnings”. Alamanni, *La Colonia Eritrea e i suoi commerci*, 285. For the activities of Indian merchants in the Ethiopian currency and credit market see Schaefer, ‘Competitors Yet Partners: The Bank of Ethiopia and Indian Informal Bankers, 1931-1936’, 53–59.

⁶⁰ Arnaldo Mauri has provided a classification of informal credit systems. See Arnaldo Mauri, ‘The Role of Financial Intermediation in the Mobilisation and Allocation of Household Savings in Ethiopia: Interlinks between Organized and Informal Circuits’, in *Giordano Dell’Amore Working Paper No. 2*, 1987; Arnaldo Mauri, ‘Alcune forme tradizionali di intermediazione creditizia in Etiopia’, *Il Risparmio* 4 (1967). See also Girma Begashaw, ‘The Economic Role of Traditional Savings and Credit Institutions in Ethiopia’, *Savings and Development* 2, no. 4 (1978): 249–64; Victor Gerdes, ‘Precursors of Modern Social Security in Indigenous African Institutions’, *The Journal of Modern African Studies* 13, no. 2 (1975): 209–28. Dejene Aredo, ‘The Informal and Semi-Formal Financial Sectors in Ethiopia: A Study of the Iqqub, Iddir and Savings and Credit Co-Operatives’, African Economic Research Consortium, 1993; Dejene Aredo, ‘Rotating Savings and Credit Associations: Characterization with Particular Reference to the Ethiopian Iqub’, *Savings and Development* 28, no. 2 (2004): 179–200.

in 1958. The *iddir* can be described as a funeral association, whose aim is to provide economic assistance to the family of the deceased to organise the funeral rites.⁶¹ However, economic assistance can also extend to the maintenance of the family of the deceased for a limited period of time.⁶² The *iqqub* has the features of the rotating savings and credit associations (ROSCA):⁶³ a fixed amount of money is deposited periodically by a group of people, and the winner of a “lottery” is called at every meeting of the association. Alternatively, the members can ask for the money in case of need. Given the need for a steady monetary income to participate in these kind of credit institutions, it is possible that these systems spread in urban areas after the Italian invasion of Ethiopia.⁶⁴ Talking about the *iddir*, Alula Pankhurst provides evidence of its existence before Italian occupation. However, the process of urbanisation, together with the disruption of social bonds based on the authority of local chiefs, led to the formalisation of these mutual help institutions. They were also boosted by the process of monetisation of the Ethiopian economy.⁶⁵ As we saw in the second chapter of this thesis, there were some forms of mutual help in rural areas, especially for destitute farmers. For example, the amputees of ‘Adwa were helped by relatives or members of their communities to farm their land through the lending of cattle or workforce.⁶⁶ These kinds of non-monetary rural mutual help institutions are also described by Pankhurst and called *dabo* and *jige*.⁶⁷

In Italian colonial archives, it is possible to find evidence of the existence of monetary credit activity amongst colonial subjects in the markets of the colony. A few examples can be found in the transcriptions of some commercial quarrels in the market of Asmara in 1912. These kinds of

⁶¹ Alula Pankhurst, ‘The Emergence, Evolution and Transformations of Iddir Funeral Associations in Urban Ethiopia’, *Journal of Ethiopian Studies* 41, no. 1/2 (2008): 145.

⁶² Richard Pankhurst and Endreas Eshete, ‘Self-Help in Ethiopia’, *Ethiopia Observer*, 1958.

⁶³ A similar institution in West Africa is called *esusu*; see Gareth Austin, ‘Indigenous Credit Institutions in West Africa, c.1750 - c.1960’, in *Local Suppliers of Credit in the Third World, 1750 - 1960*, ed. Gareth Austin and Kaoru Sugihara (Houndmills, Basingstoke: Macmillan, 1993), 102.

⁶⁴ Pankhurst and Eshete, ‘Self-Help in Ethiopia’, 355; Pankhurst, ‘The Emergence, Evolution and Transformations of Iddir Funeral Associations’, 147; Alula Pankhurst and Damen Haile Mariam, ‘The “Iddir” in Ethiopia: Historical Development, Social Function, and Potential Role in HIV/AIDS Prevention and Control’, *Northeast African Studies*, Special Issue: HIV/AIDS in Ethiopia, 7, no. 2 (2000), 39.

⁶⁵ Pankhurst, ‘The Emergence, Evolution and Transformations of Iddir Funeral Associations’, 147–53.

⁶⁶ See section 2.5.

⁶⁷ In the 1950s, these institutions were present in the Šäwa, Wälläga, Käfa and Illubabor areas of Ethiopia. See Pankhurst and Eshete, ‘Self-Help in Ethiopia’, 361–62.

documents are quite exceptional, because litigations occurring in the market were usually solved thanks to the mediation of the indigenous market chiefs, without being registered by the Regional Commissioner.⁶⁸ In June 1912 the Regional Commissioner of Asmara, Giuseppe De Rossi, received formal complaints from two “banyans” of Asmara against the local market-chief, Lig Belai uod Cantiba Desta (“son of Cantiba Desta”).⁶⁹ Both the complaints regarded the way in which the market chief had supervised some litigations regarding unpaid debts. The “banyan” Gorden Curgi from Bombay went to the market-chief to complain about an unpaid debt of 100 MTT by an Eritrean called Chidane. The intervention of the Regional Commissioner was the result of the misbehaviour of the market-chief in managing the case. In fact, following the indigenous consuetudinary law, he asked Gorden Curgi to present a guarantor. The role of the guarantor was that of personally taking responsibility for the execution of the sentence.⁷⁰ However, Gorden Curgi refused as “according to his people’s tradition, this was not allowed”. At that point, the market-chief held him in custody until the intervention of the “chief of the banyan community, Cangi Dossa”. In reply to the Indian merchants’ protests, the market-chief asked them, “why don’t you want to follow our law? Are you not black like the rest of us?”⁷¹ For not having respected the Indian merchant’s will, the market-chief Lig Belai Desta was condemned to pay 6 MTT to Cangi Dossa, plus a 6 MTT fine to the government. Finally, he was removed from his office.⁷²

⁶⁸ Civil cases involving a colonial subject and a so-called “assimilato” (“Arabian, Egyptian and Indian foreigners”), had to be judged by a regional commissioner. On the contrary, the indigenous market-chief could mediate in any litigation “regardless of the race of the parts”. See ‘Articolo 98, Decreto Governatoriale 11 luglio 1908, n. 756, Regolamento giudiziario per l’Eritrea’ in Mori, *Manuale di legislazione della colonia Eritrea*, vol. 6 (1914), 273. For the administration of justice in the colony, see also Isabella Rosoni, *La Colonia Eritrea: la prima amministrazione coloniale italiana: (1880-1912)* (Macerata: EUM, 2006); Massimo Zaccaria, “TU HAI VENDUTO LA GIUSTIZIA IN COLONIA”: Avvocati, Giudici e Coloni Nell’Eritrea Di Giuseppe Salvago Raggi 1907-1915’, *Africa: Rivista Trimestrale di Studi e Documentazione dell’Istituto Italiano per l’Africa e l’Oriente* 61, no. 3/4 (2006): 317–95; Francesca Locatelli, “Oziosi, Vagabondi e Pregiudicati”: Labor, Law, and Crime in Colonial Asmara, 1890-1941’, *The International Journal of African Historical Studies* 40, no. 2 (2007): 225–250; Alessandro Volterra, ‘La Giustizia Coloniale in Eritrea Tra Diritto Comune e Diritto Consuetudinario’, *Africa: Rivista Trimestrale di Studi e Documentazione dell’Istituto Italiano per l’Africa e l’Oriente* 63, no. 1 (2008): 82–107.

⁶⁹ ASDMAE, AE, pacco 645, ‘Provvedimenti per sistemare il mercato di Asmara’, 28 June 1912.

⁷⁰ ‘Art. 124 e Art. 130 Decreto Governatoriale 11 luglio 1908 n. 756, Regolamento giudiziario per l’Eritrea’ in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 6 (Rome: Tip. dell’Unione, 1914), 277–78. For a general introduction to customary law in Eritrea see Irma Taddia, *L’Eritrea-colonia, 1890-1952: paesaggi, strutture, uomini del colonialismo* (F. Angeli, 1986), 160–67.

⁷¹ A witness, Carsandas Kalidas, later reported that the market-chief had asked “are you white or black?”. ASDMAE, AE, pacco 645, ‘Provvedimenti per sistemare il mercato di Asmara, Udienza civile del giorno 13 giugno 1912, decisione n.186’.

⁷² *Ibid.*

Ennio Quirino Alamanni was also the first to recommend, in writing, the opening of an Italian bank in the colony.⁷³ According to him, an Italian credit institution was necessary to increase the “fame, reputation and trade [volume]” of Massawa, and “raise and strengthen the influence of the homeland on a profitable and respectable basis”.⁷⁴ Moreover, the opening of a bank would have stopped “the vicious, expensive and humiliating circle, that the national traders need to follow [...] to open a credit in Massawa and the markets of the Red Sea”.⁷⁵ Alamanni continues: “[the opening of the bank] would reduce the purchasing costs and [...] the prices of the commodities, as the Italian trader, or rather his company, will not have to pay three different commissions and quite substantial interests”.⁷⁶ The first concrete proposal for opening a bank in the colony did not come from an Italian institution. Hassan Mussa el-Akad was an Egyptian exile banished to Massawa after he had supported the 'Urabi revolt against the European influence in Egypt.⁷⁷ In January 1886 he sent a proposal to the Military Governor, Carlo Genè, regarding the opening of a bank in Massawa. The proposal was considered with interest by the Italian Ministry of Foreign Affairs Carlo Felice Nicolis, Conte di Robilant, being “a private enterprise aiming at developing the commercial life in our new dominions”.⁷⁸ After some investigations were carried out in Cairo, the proposal was rejected, due to Mussa el-Akad “being judged a very dangerous person”.⁷⁹ In 1887, another proposal by Mussa el-Akad to the government gives us a clue about his ability to exploit the multiple currency system at work in Massawa, working “in the margins”. The Egyptian government announced the demonetisation of the copper piastres by May 1888, requiring them to be exchanged at the rate of 18 copper piastres to 1 silver piastre. Mussa el-Akad asked the Italian government for authorisation to collect the soon-to-be debased piastres from the population on behalf of the Italian military command,

⁷³ Alamanni, *La Colonia Eritrea e i suoi commerci*, 287.

⁷⁴ *Ibid.*, 287–88.

⁷⁵ *Ibid.*, 287.

⁷⁶ *Ibid.*

⁷⁷ Miran, *Red Sea Citizens*, 310 note 109. “Chi sarebbe Hassan-Mussa-El- Akkad”, *Corriere della Sera*, n. 85, 26 marzo 1887. M., ‘I traditori di Massaua’.

⁷⁸ ASDMAE, ASMAI I, posizione 22/1, ‘Progetto di Istituzione Bancaria per Iniziativa di Musa Al Acad, Il Ministro degli Esteri Di Robilant al Generale Genè’, Rome, 10 January 1886.

⁷⁹ ASDMAE, ASMAI I, posizione 22/1, ‘Progetto di Istituzione Bancaria per Iniziativa di Musa Al Acad, Il Ministro degli Esteri Di Robilant al Generale Genè’, Rome, 15 February 1886.

in order to exchange them at a discounted price in Cairo.⁸⁰ The Italian government refused his proposal because Egyptian piastres had ceased to be legal tender in the Italian territories since 21 April 1887. Therefore, the Italians did not have any interest in taking part in their demonetisation.⁸¹ However, for the same reason, they could not prevent Mussa el-Akad from collecting the piastres and exchanging them in Egypt. The only Italian initiative along these lines was to issue a notice about the deadline for exchanging the coins in Egypt to prevent the public engaging in agiotage, “which would be detrimental for poorer people”.⁸² In 1890, Hassan Mussa el-Akad hit the headlines in Italy when he was unjustly accused of “plotting with the enemy”.⁸³ When his name was finally cleared, he had accumulated a debt of 325,000 lire during the time he spent in prison. As is reported by Jonathan Miran, the list of his creditors is illuminating in terms of the financial sector in Eritrea at that time. 28 out of Hassan Mussa el-Akkad’s 45 creditors were Indians, who together claimed over 50 per cent of his debts.⁸⁴ Among the claimants was also Ali Abdalla Dossal, a prominent Indian Muslim residing in Massawa, operating as an agent for several British shipping companies.⁸⁵

However, Hassan Mussa el-Akkad’s proposal of opening a bank in the colony was not the only

⁸⁰ ASDMAE, AE, pacco 60, 1887, ‘Piastre di Rame Egiziane, Il Maggiore Generale Saletta al Signor Segretario per gli Affari Indigeni’, Massawa, 31 July 1887.

⁸¹ ASDMAE, AE, pacco 60, 1887, ‘Soppressione del corso legale della piastra egiziana, Il Maggiore Generale Genè al Signor Segretario degli Affari Indigeni’, 19 April 1887.

⁸² ASDMAE, AE, pacco 60, 1887, ‘Piastre di Rame Egiziane, Il Maggiore Generale Saletta al Signor Segretario per gli Affari Indigeni’, Massawa, 31 July 1887.

⁸³ Hassan Mussa el-Akad was one of the protagonists of the chain of events that led to the breaking of the “Livraghi scandal” (see note 211, chapter 2). The Egyptian exile, together with Kāntiba Hamed Hassan, was sentenced to death by the Military Court in Massawa for allegedly “plotting with the enemy”. After the “Livraghi scandal” was unveiled, Hassan Mussa el-Akad’s sentence was reversed. He later sued the government for the losses his business incurred during the process, but he was not compensated, as the laws allowing an individual to sue the government had not yet been issued in the colony. See Del Boca, *Gli italiani in Africa orientale*, 436–37. Cass. Roma 39 aprile 1894, ‘Said Hassan Mussa El Akkad - Commissariato Militare’, 540. See Chapter 2, note 226.

⁸⁴ Miran, *Red Sea Citizens*, 141; ASDMAE, AE, pacco 152, ‘1892 Repertorio n. 24, Atto di transazione, n. 843 registro atti notarili, Patrimonio Akad’, 11 February 1892.

⁸⁵ Miran, *Red Sea Citizens*, 141–42. On 30 January 1892, Ali Abdalla Dossal obtained a concession from the Italian administration for the export of 3,000 tons of salt from the colony in order to sell it in Bombay and “activate the trade of sea-salt produced in the colony”. See ASDMAE, AE, pacco 154, ‘Colonia Eritrea, Dogana di Massaua’, 30 gennaio 1892.

one. In 1890, another proposal arrived from a certain T. Gandolfi,⁸⁶ who described his desire of opening a bank in Eritrea as being “driven by the desire to be useful for his own country and at the same time act in the interest of his associates”.⁸⁷ The conditions proposed for the opening of the bank were a pre-emption for the opening of new branches in the colony, a free concession of land for the building of the bank and the warehouses, a tax exemption, the concession of the dock of the port of Massawa, and the management of the treasury of the colony. As we will see, some of the conditions are identical to those put forward by the Bank of Italy for the opening of an agency, but no bank branch was opened in the colony until 1914.⁸⁸

During the first Colonial Congress, organised in Asmara in 1905, the opening of a bank in Eritrea was one of the discussed topics.⁸⁹ In his report, Eteocle Cagnassi proposed the creation of a credit institution in Eritrea to revive trade in the colony, by helping private enterprises and public initiatives, following the example of other imperialistic powers.⁹⁰ In addition to the more common functions of a bank (namely loans, discounts, wire transfer, money exchange, and so on), Cagnassi proposed that the bank should issue fiat-money in the colony, in the form of banknotes or at least silver coins, using

⁸⁶ Unfortunately, I was not able to further identify T. Gandolfi. Someone named Tertulliano Gandolfi published a memoir about his life in Eritrea in 1910, criticising the exploitative and violent behaviour of the Italians in the colony. However, it is almost certainly not the same T. Gandolfi, as the author was then a labourer who had arrived in Eritrea in the steerage of a *Navigazione Generale*'s ship in 1889; see Tertulliano Gandolfi, *I misteri dell'Africa italiana* (Rome: Tertulliano Gandolfi Editore, 1910), 9, 177. A more affluent Gandolfi was the founder, together with the engineer Costanzo Bonetti, of the Gandolfi & Co. business, which was very active in the industrial and infrastructural development of Eritrea from 1887. However, this man's first names were Primizio Remigio, and hence he could not be the T. Gandolfi that was proposing the opening of the bank in the colony. See Giuseppe Puglisi, *Chi è dell'Eritrea: Dizionario biografico* (Asmara: Agenzia Regina, 1952), 140.

⁸⁷ ASDMAE, AE, pacco 98, 'Tasse, Monete e Varie 1890, Banca Eritrea Italo-Africana'.

⁸⁸ Other news about the imminent opening of credit institutions, especially by foreigners, continued to appear in the press, sparking a debate about the opportunity to open the branch of an Italian bank in the colony. In 1893, for example, rumours circulated about the intention of two Greek investors (whose surnames were “Akrossi-Kalenos”) to open a bank in Eritrea. See ‘Cronaca Africana’, in *Bollettino della Società Africana d'Italia*, Anno XV, Fascicolo 2, Marzo-Aprile (1895), 71.

⁸⁹ Interestingly, the director of the Bank of Italy, Bonaldo Stringher, was invited but did not participate. See Alberto Acquarone, ‘Politica estera e organizzazione del consenso nell'età Giolittiana: Il Congresso dell'Asmara e la fondazione dell'Istituto Coloniale Italiano’, in *Dopo Adua: Politica e Amministrazione Coloniale* (Rome: Ministero per i beni culturali e ambientali, 1989), 255–410. See also chapter 1, note n. 217 in this thesis.

⁹⁰ Eteocle Cagnassi, ‘La fondazione di un istituto di credito per l'Africa italiana e lo sviluppo economico della Colonia Eritrea’, in *Atti del Congresso coloniale italiano in Asmara settembre-ottobre 1905*, ed. Carlo Rossetti, vol. 1 (Rome: Tipografia dell'Unione cooperativa editrice, 1906), 53.

the Eritrean thalers still held by the treasury.⁹¹ According to Cagnassi, indigenous people were not used to banknotes, as they used to hoard money underground (the “customary indigenous safe”) or put the silver aside through jewellery-making.⁹² Two obstacles stood in the way of the opening of a bank in the colony: the need to secure enough profit for the bank, and the greater operational risks in the colony. The first problem would be solved by laying the economic ground for the flourishing of industries and commercial activities.⁹³ The second, which was a serious problem for a bank that was also an issuing body, was to give the bank a special regulation, different from that of the banks in the homeland, in order to allow the colonial agencies to participate in lucrative (but risky) enterprises.⁹⁴

In the wake of the discussions at the Colonial Congress about the opening of the bank, the *Direzione Centrale degli Affari Coloniali* (Central Administration of the Colonial Affairs) of the Ministry of Foreign Affairs turned to the Bank of Italy, testing the waters for the opening of an agency in the colony.⁹⁵ The proposal involved the assignment of the management of the treasury of the colony to the bank, in order to amortise the opening expenses.⁹⁶ Moreover, the bank was to issue agricultural loans. The bank replied by organising a survey in the colony to assess the feasibility of the project. In order to evaluate the economic conditions of the colony, Niccolò Introna, who would later become the director of the Bank of Italy, was sent to the colony together with Secretary Mario Mioni.⁹⁷ The results of the survey were presented in a seventy-five page report that Introna wrote for the director of the Bank of Italy, Bonaldo Stringher. The report encompassed different aspects regarding the state of the colony, climatic and environmental features, administrative organisation, demographic

⁹¹ In British West Africa, import and distribution of silver coins was the main reason that led to the opening of a bank in Nigeria; Uche, ‘Foreign Banks, Africans, and Credit in Colonial Nigeria, c. 1890-1912’. For the introduction of formal banking services in a context of multiple currencies in French West Africa, see the research by Toyomu Masaki, ‘Multiple Monies in Senegambia (1815–1901). Indian Cotton, Silver Coin, and Paper Money.’, Discussion Paper Series (Institute of Human and Social Sciences: Kanazawa University, 2015), <http://toyomumasaki.w3.kanazawa-u.ac.jp/papers/Paper20150727.pdf>. Accessed 30 March 2021.

⁹² Cagnassi, ‘La fondazione di un Istituto di credito per l’Africa italiana e lo sviluppo economico della Colonia Eritrea’, 56.

⁹³ *Ibid.*, 67.

⁹⁴ *Ibid.*, 58, 61.

⁹⁵ ASDMAE, ASMAI I, posizione 34/3, ‘Pro-memoria, Banca in Eritrea’.

⁹⁶ At that time, the treasury was issuing an average of 9 million lire per year, and collecting 3 million lire per year. See Mauri, *Il mercato del credito in Etiopia*, 149.

⁹⁷ Tuccimei, *La banca d’Italia in Africa*, 60.

information, the expenses and revenues of the colonial government, a description of the infrastructure, and details on the economic activities carried out by the indigenous people. Describing the trade volume in the colony, Introna stated that most imports came from India, wherefrom cotton fabrics, *dura*,⁹⁸ rice, sugar, tobacco, dates, tea, metalware, animal products and chemicals were imported.

Most of this kind of trade, according to the report, was carried out by “banyans” in Massawa, most of them being agents of Bombay firms.⁹⁹ Introna described them as “vegetarians, capable of living of just a little rice and some dates. Very able and smart in commercial matters”.¹⁰⁰ Moreover, Introna wrote that the Indian merchants used to send their remittances in rupees or pounds sterling to India every Sunday, by means of international money orders or cheques issued by private companies. Bombay was the final destination of half of the international money-orders sent from the colony.¹⁰¹

Indian merchants (together with “Greeks” and “Arabs”) also practised internal trade and retail, while the goods sold by any given single indigenous merchant barely reached the value of one MTT.¹⁰² Finally, analysing the state of financial institutions in the colony, Introna declared that the exchange of the MTT was a lucrative affair for the “banyans” that operated as money-changers, and identified Ali Abdalla Dossal as one of the “most dangerous usurers”, asking for up to 60 per cent interest on a loan.¹⁰³ On 15 February 1906, the Board of the Bank of Italy decided it was time to open a branch in Eritrea. However, any project for the opening of an agency of the Bank of Italy in the colony was suspended in 1908, and the opening to the public of the first branch in Asmara only

⁹⁸ From the Arabic “*dhurrah*”, *Sorghum durra* was the staple food of the Horn of Africa.

⁹⁹ The figures of import trade from Italy came just after those from India. The most important items were: wine, cotton fabrics, metalware, construction timber and machinery, flour, pasta, grain, citrus fruits, soap, leather goods, paper, woollen and silk yarns. See ASBI, Affari coloniali – Pratiche 305, Relazioni Asmara ‘Relazione sulla Colonia Eritrea sull’impianto di una agenzia della Banca d’Italia in Asmara, Cav. Introna (1906)’, 36. The main export items were: pearls, mother-of-pearl, and hides. Other products were imported through caravan trade with Ethiopia, whose statistical data are less reliable. The products were: hides, honey, wax, cattle, horses and other livestock, butter, ivory, gold, indigenous cloths, rubber, ostrich feathers, and coffee. The caravan trade volume was periodical, as it was absent during the rainy season. A rise in the export of hides in 1905 was due to the rinderpest epidemic. A fall in exports of ivory was due to the prohibition of the elephant hunt after the signing of the Brussels Convention in 1900. The main export items of caravan trade were: cotton fabrics, silk waste, oil, Indian rice, Italian pasta, iron ploughshares, polished metalwares, glasses, medicines, perfumes, mattings, and liquors (especially absinthe). See ASBI, Affari coloniali – Pratiche 305, Relazioni Asmara, ‘Relazione sulla Colonia Eritrea sull’impianto di una agenzia della Banca d’Italia in Asmara, Cav. Introna (1906)’, 39-40.

¹⁰⁰ ASBI, Affari coloniali – Pratiche 305, Relazioni Asmara, ‘Relazione sulla Colonia Eritrea sull’impianto di una agenzia della Banca d’Italia in Asmara, Cav. Introna (1906)’, 37-38.

¹⁰¹ *Ibid.*, 47

¹⁰² *Ibid.*, 44.

¹⁰³ *Ibid.*, 52-53.

occurred six years later.¹⁰⁴ The reason for the delay was that, together with the assignment of the treasury management, the bank had also advanced other expensive requests.¹⁰⁵ One example is the request for a free concession of a building for the opening of the offices. Another reason for the failure of initial negotiations was that the internal rules of the Bank of Italy and the banking law in force in Italy did not allow an issuing body like the Bank of Italy to operate certain kinds of risky credit transactions. For these reasons, the government of the colony decided that the investments requested for the opening of a bank agency were not worth the mere management of the treasury by the bank and the few other permitted operations.¹⁰⁶ The Italian Government then reverted to the Bank of Rome (*Banco di Roma*) for the opening of an agency in the colony.¹⁰⁷ That was not the first time that the *Banco di Roma* was involved in Italian enterprises in East Africa. From 1884, the bank was a creditor of the Filonardi Company, operating in Zanzibar.¹⁰⁸ Moreover, in 1893, on the occasion of the concession of the Benadir region (which later became part of the Italian colony of Somalia) to Vincenzo Filonardi, the bank conceded to Filonardi a credit of 216,000 lire for the administration of the outpost.¹⁰⁹ However, the Italian government could not reach an agreement for the opening of a branch of the *Banco di Roma* in Eritrea, as the Ministry of the Treasury did not agree to assigning the management of the treasury to a private institution, as was requested by the Bank of Rome.¹¹⁰ The bank, instead, was the main actor of what was called “peaceful penetration strategy” in Cyrenaica and Tripolitania, from 1907. The fact that it was not a “state bank” was used to reassure the Turkish authorities who controlled those territories of the lack of political intention in the bank’s activities.¹¹¹

¹⁰⁴ Tuccimei, *La Banca d'Italia in Africa*, 57.

¹⁰⁵ *Ibid.*, 61.

¹⁰⁶ *Ibid.*, 61–62; ASDMAE, ASMAI I, posizione 22/1, ‘Circolazione monetaria 1885-1913, Salvago Raggi, Copia di Rapporto in data 25 gennaio 1908 n. 113/3308/29’; ASDMAE, ASMAI I, posizione 22/1, ‘Circolazione monetaria 1885-1913, Memoriale, Direttore di Finanza in Eritrea (Del Corso) a Ministero degli Affari Esteri’, 10 September 1908.

¹⁰⁷ ASDMAE, ASMAI I posizione 22/1, ‘Circolazione monetaria 1885-1913, Ministero Affari Esteri (Ufficio Coloniale) a Pacelli (Banco di Roma)’, 27 November 1908.

¹⁰⁸ Luigi De Rosa, *Storia del Banco di Roma*, vol. 1 (Rome: Banco di Roma, 1982), 89.

¹⁰⁹ De Rosa, *Storia del Banco di Roma*, 117. For the events that led to the Italian occupation of the Benadir, see Nicola Labanca, *Oltremare: storia dell'espansione coloniale italiana* (Bologna: Il mulino, 2007), 85–94; Angelo Del Boca, *Gli italiani in Africa orientale: dall'unità alla marcia su Roma* (Milan: A. Mondadori, 1992), 413–34.

¹¹⁰ ASDMAE, ASMAI I, posizione 34/3, ‘Pro-memoriam, Banca in Eritrea’. See also Tuccimei, *La banca d'Italia in Africa*, 63; Mauri, *Il mercato del credito in Etiopia*, 151.

¹¹¹ De Rosa, *Storia del Banco di Roma*, vol. 1, 259.

The reason why the *Banco di Roma* was considered the best financial agent for Italian economic penetration in Libya was that it was the only Italian bank with international branches at that time. Moreover, the vice-president of the bank, Romolo TITTONI, was the brother of Tommaso TITTONI, who had served as the Italian Foreign Affairs Minister almost without interruption between 1903 and 1909.¹¹² After the opening of the first branch in Tripoli and an agency in Benghazi, the bank expanded its activities in Libya until 1911, with the opening of more agencies and participation in different commercial and industrial enterprises.¹¹³ The only other role that the *Banco di Roma* had in the development of the Italian colonies in East Africa before the 1930s was its participation in the financing of some infrastructural works connected to the construction of the Massawa-Asmara railway. The Bank of Italy pushed for this investment after favouring the involvement of the *Banco di Roma* in the foundation of the Bank of Abyssinia.¹¹⁴

Emperor Mēnilək had started to test the waters for the opening of a bank since 1903. His aim was to open a credit institution to assist his government with financial matters. He explicitly sought to involve actors from different countries in the project and managing of the bank, thus avoiding excessive interference of a single foreign country in Ethiopia's politics and financial management.¹¹⁵ Due to similar limitations to those that prevented the opening of a branch in Eritrea, the Bank of Italy could not directly participate in the Bank of Abyssinia project. Nonetheless, Stringher agreed to help the Italian government organise a consortium of different Italian banks, among which the *Banco di Roma*.¹¹⁶ In the end, Italian credit institutions contributed one quarter of the capital of the Bank of Abyssinia; being British most of the capital employed in the operation, it was invested through the

¹¹² *Ibid.*, 241–242.

¹¹³ *Ibid.*, 265–266. The activities of the bank and the suspicious obstructionism of the Turks provided a pretext for the Italian military intervention, as was later admitted by Giacomo De Martino, then-secretary general of the Ministry of Foreign Affairs, in a memorandum. The activities of the bank in Libya were put on hold during the Italo-Turkish War (1911–1912), and the role of the bank was essentially that of offering logistical support to the Italian troops (the bank also owned warehouses and commercial ships). After the War, the *Banco di Roma* had to renounce to its non-banking activities to curb the losses caused by the war. However, the role of the bank remained important for the expansion of Italian political influence in Libya and the eastern Mediterranean Sea; Luigi De Rosa, *Storia del Banco di Roma*, vol. 2 (Rome: Banco di Roma, 1983), 21–24, 27, 248.

¹¹⁴ De Rosa, *Storia del Banco di Roma*, vol. 1, 193.

¹¹⁵ Pankhurst, *Economic History of Ethiopia*, 496.

¹¹⁶ The other banks involved were the *Banca Commerciale*, the *Credito Italiano* and the *Società Bancaria Italiana*. Mauri, *Il mercato del credito in Etiopia*, 21.

National Bank of Egypt.¹¹⁷

The Bank of Abyssinia was opened on 15 February 1906. It acted more as a Ministry of Finance than as a national bank, being involved in all matters regarding financial administration in the empire. This included monetary issues, such as the attempt to supplant the MTT.¹¹⁸ However, the Bank of Abyssinia was not met with the desired success. Loans continued to be issued by private agents at a minimum interest rate of 10 per cent per month, and Ethiopians continued to prefer investing in land rather than depositing their wealth in the bank.¹¹⁹ Although one of the functions of the bank was that of custody of the treasury of the state, most of the revenues were still hoarded in the Emperor's palace.¹²⁰ In 1911, as rumours were circulating about the Bank of Abyssinia wanting to open a branch in Eritrea or in the bordering region of Təgray, the government reconsidered the opportunity of involving the Bank of Italy. The Italian Government could not allow the new branch's opening, because the Bank of Abyssinia was not an exclusively Italian project.¹²¹ Moreover, new calls for the opening of a credit institution in the colony came from Italian entrepreneurs.¹²² Thanks to the proclamation of the *Regio Decreto* (Royal Decree) no. 1367 of 10 December 1911 and the modification of the internal rules of the Bank of Italy, the first agencies were opened in the recently occupied territories of Cyrenaica and Tripolitania.¹²³ The decree allowed the issuing bodies of the Kingdom of Italy to open new agencies in the colonies. The new internal rules of the Bank of Italy expanded the scope of the issuing body, allowing the agencies to conduct banking operations in the colonies.¹²⁴ The opening of the agencies in Libya (where the Banco di Roma had already opened its

¹¹⁷ The Bank of Italy had been also involved in the issuing of a loan to Ethiopia, as planned by the Additional Convention to the Wəčale Treaty (1889). The worsening of the relationship between Italy and Ethiopia led to an early settlement of the debt by Ethiopia in May 1897. See Tuccimei, *La Banca d'Italia in Africa*, 47, 52.

¹¹⁸ Pankhurst, *Economic History of Ethiopia*, 496.

¹¹⁹ *Ibid.*, 494, 497.

¹²⁰ *Ibid.*, 497.

¹²¹ ASDMAE, ASMAI I, posizione 34/3, 'Pro-memoria, Banca in Eritrea'. See also Mauri, *Il mercato del credito in Etiopia*, 148.

¹²² See G. E. Boselli, 'Della opportunità di creare nelle nostre colonie istituti di credito, come mezzo efficace a procurare e sollecitarne l'incremento economico', in *Atti del Secondo Congresso degli Italiani all'estero*, by Istituto Coloniale Italiano, vol. 1, Parte 3 (Roma: Tipografia Editrice Nazionale, 1912), 1299–1310.

¹²³ The Italian government aim in Libya was to create a settlement colony, so the presence of a bank was necessary for the supply of credit to Italian settlers. Tuccimei, *La Banca d'Italia in Africa*, 64, 67–68, note 4; Mauri, *Il mercato del credito in Etiopia*, 159.

¹²⁴ See 'Regio Decreto 10 dicembre 1911, n. 1367'.

branches in 1906) set a precedent, and resulted in the opening of the first agency in Eritrea. The opening of the branches in Eritrea was approved by the *Regio decreto* no. 1111 of 15 August 1913, which extended the decree for the opening of the branches in Libya to Eritrea. The first branch was opened in Asmara on 2 February 1914, followed by another branch in Massawa on 15 April 1914.¹²⁵ As was planned since the first enquires in 1906, the government of the colony also assigned the Bank of Italy the management of the treasury, starting from 16 March 1914, and, as we shall see, the management of the purchase and exchange of MTT.¹²⁶

After the opening of the branches of the Bank of Italy, other credit institutions started operating in Eritrea and the Bank of Italy itself promoted new private credit institutions, operating as a central bank in the colony.¹²⁷ For example, in 1915 the *Banca Cooperativa Popolare Eritrea* was opened in order to operate small credit operations, while the *Banca per l'Africa Orientale*, founded in 1917, focused on financing international trade.¹²⁸ Even if the first managed to overcome the 1921 post-War crisis, these initiatives never succeeded in fostering important credit operations in the colony.¹²⁹ Agriculture was one of the most important economic sectors in the colony, so agricultural credit was one of the operations the promoters of the new bank wished to develop. However, the lack of collaterals prevented agricultural credit development. This was especially true for indigenous farmers,

¹²⁵ The first director of the Asmara branch was Luciano Cristoforis; the first director of the Massawa branch was Silvio Pacetti. In 1917, new branches were opened in Kärän, 'Addi Qäyyəḥ and 'Asäb. The Kärän branch was opened due to the important trade volume of that market (1 million MTT out of the 6 million total trade volume in the colony) and its director was Luigi Bernascioni. See Mauri, *Il mercato del credito in Etiopia*, 161–63, 165; Tuccimei, *La Banca d'Italia in Africa*, 89–91, 94 note 16.

¹²⁶ Mauri, *Il mercato del credito in Etiopia*, 163. The minister of Italian Africa, Gaspare Colosimo, invited the director of the Bank of Italy, Bonaldo Stringher, to open a branch in Italian Somalia as well. This branch would have the same features and functions as the Eritrean branches. Stringher's reply was cautious, as trade was still slack in the colony, and infrastructure was almost totally lacking. The bank's decision to take the first steps in Somalia came in October 1917, in order to anticipate other institutions' initiatives. However, the first bank branch in Somalia opened only in November 1919, due to the difficult monetary situation in the colony. See Tuccimei, *La Banca d'Italia in Africa*, 110, 112–113; as well as 'La Banca d'Italia nella Somalia Italiana', in *Bollettino della Società Africana d'Italia*, 36, no. 5, (1917), 190–191.

¹²⁷ *Ibid.*, 165.

¹²⁸ *Ibid.*, 168–71; Tuccimei, *La Banca d'Italia in Africa*, 92.

¹²⁹ The *Banca Cooperativa Popolare Eritrea* was devalued by 75 per cent due to an accumulation of bad loans in 1931. After changing its name to the *Banca del Littorio*, it was liquidated in 1933. The *Banca per l'Africa Orientale* suffered the consequences of its overexposure to risky businesses and the 1921 collapse of the *Banca Italiana di Sconto*, which had supported it since its creation. It was liquidated in 1923. See Mauri, *Il mercato del credito in Etiopia*, 173.

who continued reverting to usurers.¹³⁰ A section of the Bank of Italy dedicated to agricultural credit was only opened in 1932, when it was also envisioned that there would be an opportunity to issue credit in kind (tools, livestock, seeds and fertilisers) for local farmers.¹³¹ From 1935, the preparation for the invasion of Ethiopia offered Italian banks new opportunities to expand their activities in the colonies. The arrival of soldiers and labourers from Italy and the starting of new infrastructural works to facilitate the invasion of Ethiopia attracted the *Banco di Roma*, the *Banca Nazionale del Lavoro* and the *Banco di Napoli*, which opened new branches in Eritrea.¹³² Until June 1938, the *Banco di Roma* held a quasi-monopoly in Ethiopia (only shared with the Bank of Italy branches), due to previous agreements with the Fascist government.¹³³ However, the *Banco di Roma*'s role was mainly restricted to the collection of the savings of Italian labourers and soldiers, the issuing of loans guaranteed by the government to the companies involved in infrastructural works, and, together with the Bank of Italy, money changing.¹³⁴ An analysis of the data regarding the remittances sent to Italy by Italian labourers shows that a significant amount of money earned in Italian East Africa was transferred to Italy and was not locally invested.¹³⁵ The presence of more banking institutions in Italian East Africa did not produce a significant impact on the industrial development of the territories, as the banks had delegated these kinds of operations to centralised organisms, such as the

¹³⁰ Tuccimei, *La Banca d'Italia in Africa*, 59–60. Some initiatives for European farmers and landowners were unsuccessfully experimented with, starting in 1922. See Taddia, *L'Eritrea-colonia, 1890-1952*, 286–90.

¹³¹ In 1932, the *Cassa di Credito Agrario* was also founded for the issuing of agricultural development credit, but it was closed at the outbreak of the Second World War. Mauri, *Il mercato del credito in Etiopia*, 181–83.

¹³² Fernando Santagata, 'Il credito africano e l'Italia. Parte 1. Cap. 1', *Africa: Rivista Trimestrale di Studi e Documentazione dell'Istituto Italiano per l'Africa e l'Oriente* 9, no. 11 (1954), 307; Fernando Santagata, 'Il credito Africano e l'Italia. Parte 1. Cap. 2', *Africa: Rivista Trimestrale di Studi e Documentazione dell'Istituto Italiano per l'Africa e l'Oriente* 9, no. 12 (1954), 335–36. According to the official figures, 21,000 officers, 443,000 rank-and-file, and 97,000 labourers arrived in East Africa at the beginning of the Italo-Ethiopian War. See Matteo Dominioni, *Lo sfascio dell'impero: gli italiani in Etiopia, 1936-1941* (Rome-Bari: Editori Laterza, 2019), 10.

¹³³ After branches opened in Massawa (23 December 1935) and Asmara (29 January 1936), the *Banco di Roma* opened 15 agencies in Italian East Africa. Gabriele De Rosa, *Storia del Banco di Roma*, vol. 3 (Rome: Banco di Roma, 1983), 147–148.

¹³⁴ *Ibid.*, 144. For the role of the *Banco di Roma* in supporting Italian monetary policies in Ethiopia, see the 'Conclusion' to this thesis.

¹³⁵ The *Banco di Roma* alone had transferred (to Italy) 2,27 billion lire out of a total 5,219 billion lire of remittances from Italian East Africa by 1938. *Ibid.*, 145–146.

In the first part of this section, we saw how some local actors were able to exploit their inter-regional networks and knowledge of the monetary system to position themselves at the border between monetary layers, and provide credit for most of the commercial operations in the colony. The opening of the first branches of the Bank of Italy offered the Italian Government of Eritrea new tools to attempt to control the local monetary system. As will be detailed below, in order to curb speculation over the rising value of the MTT the Government would assign the Bank of Italy the office of the *Gestione Talleri*, which constituted a monopoly on money-changing services. However, the local markets continued operating using the MTT as a unit of account, and the Indian merchants continued to make a profit thanks to their ability to deal with conversions on inter-regional and transnational markets.

3.3 Italian monetary policies during the First World War and their consequences on currency circulation

In 1913, with a seventy-five page report, the new director of the Asmara branch of the Bank of Italy, Luciano Cristoforis, described the colony's situation to Bonaldo Stringher, director of the Bank of Italy. This report updated the information collected by Introna in 1906.¹³⁷ Seven years after Introna's report, Cristoforis confirmed the importance of the MTT, not only for the local monetary circulation, but for commercial exchanges encompassing the Red Sea region and the Indian Ocean. Moreover, he stated that the MTT was "the base for every negotiation" and that its import from

¹³⁶ *Ibid.*, 143–144; Alessio Gagliardi, 'Moneta e istituzioni nell'Africa Orientale Italiana', in *Una moneta per l'impero. Pratiche monetarie, economia e società nell'Africa Orientale Italiana*, ed. Karin Pallaver and Gian Luca Podestà (Milan: FrancoAngeli, 2021, forthcoming). The IRI was a state holding company that had been founded in 1931 in order to take over any heavily compromised industrial assets belonging to the Italian banks, especially those with strategic relevance. Despite being created as a temporary measure to face the Great Depression crisis, the IRI held almost half of the capital share in Italy by 1934, eventually acquiring the capital of the banks themselves. In 1936, a new banking law was issued to limit the industrial engagement of Italian banks. See Gianni Toniolo, *The Oxford Handbook of the Italian Economy since Unification* (New York, NY: Oxford University Press, 2013), 59.

¹³⁷ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1913, Cristoforis al Direttore Generale della banca d'Italia Bonaldo Stringher', 16 September 1913.

Austria was on the rise.¹³⁸ Given the importance of the MTT for local and inter-regional commerce, he stated that placing the control of its circulation in the hands of the Bank of Italy's agencies was necessary in fighting speculation.¹³⁹ However, in February 1914, given the insufficient knowledge that the agents of the Bank of Italy had at this point about the circulation of the MTT and the relative unpredictability of its market, Stringher asked the director of the branch in Asmara not to employ MTT accepted in Bank deposits for speculative activities.¹⁴⁰

The situation changed after the outbreak of the First World War, when the agencies of the Bank of Italy in Eritrea were requested to have a more active involvement in the management of the MTT circulation in the colony. One of the first consequences on the monetary circulation of the colony was reported by the director of the Massawa branch of the Bank of Italy, Silvio Pacetti. On 21 August 1914, he wrote to the director of the Asmara branch that

The exodus of the thalers to Aden and Bombay has started, and it is supposed to last, till the [War] events allow the circulation of our steamships and of those bearing the British or Egyptian flag in these seas [i.e. the Red Sea]. This is the only means the Banyans have to send the payments for their purchases. For now, these shipments don't have a significant effect on the market, because the thalers they have sent till now had already been hoarded by them; but, in the long term, it is believed here that [the shipments] will produce a substantial increase in the price of this coin.¹⁴¹

The price of the Maria Theresa thaler was destined to rise even sooner than Pacetti predicted. Due to the need to protect precious metal reserves, the coinage of new MTTs by the Austrian mints was totally interrupted, and new imports of MTTs from Trieste into the Italian colony became

¹³⁸ *Ibid.*, 20-21.

¹³⁹ *Ibid.*, 20-21.

¹⁴⁰ ASBI, Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, 'Direzione Generale a Direttore della filiale di Asmara', 13 February 1914.

¹⁴¹ ASBI, Sottofondo Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, 'l'Agente, filiale di Massaua, al Direttore, filiale di Asmara', Massawa, 21 August 1914.

impossible.¹⁴² Governor of the colony Giuseppe Salvago Raggi was concerned about the impact that a shortage of MTT could have on Eritrean trade. On 5 September 1914, in order to stop the outflow of MTT and speculation, Salvago Raggi issued a ban on the export of the MTT by sea.¹⁴³ This measure was not enough to stop speculation. In a letter to the director of the Asmara branch, the Massawa agent of the Bank of Italy reported that the bulk of MTT in Massawa was concentrated in only a few hands, who were waiting for the right moment to sell.¹⁴⁴ In fact, the banyans were still able to control the MTT market, also provoking temporary drops in the price of MTT when in need of other currencies.¹⁴⁵

For the first year of the First World War Italy maintained a neutral position.¹⁴⁶ Even if its alliance with the Central Powers had been confirmed seven times since 1882, the recent war effort in Libya and the lack of interest in Austria's aims led Italy to suspend its intervention. After one year of diplomatic and economic pressure by the British, Italy decided to timidly enter the conflict by declaring war on Austria on 23 May 1915. Soon after, the British requested a more active involvement by Italy against the Ottoman Empire, including Italian participation in a blockade in the Red Sea, as the Arabian coasts of 'Asīr and Ḥiǧāz were controlled by the Turks and the Germans.¹⁴⁷ A partial blockade only started to be officially implemented from November 1915. It would eventually be more strictly enforced from May 1917. Even though the blockade helped the Italians to control the flow of thalers leaving the colony by the sea, it was also the cause of worsening economic conditions in the colony during the War. As Zaccaria as shown, not only was the supply of sorghum from India reduced, but the local canned meat factory (the only real factory in Eritrea at the time) struggled to

¹⁴² Adrian E. Tschoegl, 'Maria Theresa's Thaler: A Case of International Money', *Eastern Economic Journal* 27, no. 4 (2001), 448.

¹⁴³ 'Decreto Governatoriale, 5 settembre 1914 n. 2049', see *Bullettino Ufficiale della Colonia Eritrea*, Supplemento al n. 42, Asmara, 24 October 1916.

¹⁴⁴ ASBI, Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, 'Direzione filiale di Massawa a Direttore della filiale di Asmara', 14 November 1914.

¹⁴⁵ ASBI, Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, 'Direzione filiale di Massawa a Direttore della filiale di Asmara', 21 August 1915.

¹⁴⁶ For an analysis of the reasons for the stance of neutrality and the subsequent intervention of Italy on the side of the Entente, see Stefano Marcuzzi, 'A Machiavellian Ally? Italy in the Entente (1914-1918)', in *Italy in the Era of the Great War*, ed. Wanda Wilcox (Leiden; Boston: Brill, 2018), 99–121.

¹⁴⁷ British Library, India Office Records (IOR), L/PS/10/466, 'German War, Turkey, Jeddah War Supplies, Italy, Trade and Treaty, Foreign Office to Sir. R. Rodd (Rome)', 3 March 1915, no. 253.

meet the requirements of the Ministry of War, being the main supplier of canned meat to the Italian army.¹⁴⁸

By the beginning of 1916, the scarcity of MTT started to affect the management of the treasury. In April, the Government asked the agents of the Bank of Italy to buy at least 100,000 MTT on the internal market, as the reserve had significantly reduced.¹⁴⁹ By the end of the month, the director of Financial Affairs for the colony, Giovanni Del Corso, envisioned the interruption of money orders in MTT inside the colony, given the rising price of MTT and the reduction of the reserve.¹⁵⁰

Finally, with the worsening of the monetary situation, the government of the colony decided to employ some more drastic policies. On 1 July 1916, the first decree was issued by the regent of the government, Cerrina Feroni, in order to hinder the rise of the prices of goods on Eritrean markets. The decree prohibited merchants from fixing the price of goods in MTT, and banned negotiations in MTT in public marketplaces.¹⁵¹ In order to ensure the reception of the new rules by the indigenous population, an announcement in Arabic and Amharic was prepared and sent to the regional commissioners of the colony. The announcement had a strong instructive nature, with the presence of practical examples explaining the consequences of the decree for commercial transactions:

[...] the price of goods should not be fixed in MTT as you used to do before. For example: if you want to buy or sell a product you should not say “how much is that in thaler” or “it’s ... thalers”.

[...] If the buyer does not have this money [lire or Italian-issued Eritrean thaler subdivisions] he can ask the seller if he accepts thalers [fixing the price of the goods in lire]. If the seller does not accept thalers [...] the buyer will go and change his money with the money-changers. [...] In this way the money-changers will provide their services as usual; once, they used to change a lot of

¹⁴⁸ Zaccaria, ‘Feeding the War’, 203–6.

¹⁴⁹ ASBI, Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, ‘Direzione di Finanza a Direttore della filiale della Banca d’Italia di Asmara’, 11 April 1916.

¹⁵⁰ ASBI, Filiale Asmara, Pratiche – Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, ‘Direzione di Finanza a Direttore della filiale della Banca d’Italia di Asmara’, 27 April 1916.

¹⁵¹ ‘Decreto Governatoriale 1 luglio 1916 n. 2589’; see ASDMAE, AE, pacco 51, “Circolare. Cerrina Feroni ai Commissariati Regionali,” Asmara, 1° luglio 1916.

thalers, now they will change a lot of lire.¹⁵²

In order not to undermine inter-regional trade, the ban on MTT negotiation spared only the caravan trade. In explaining the reason for his decision, Governor Cerrina Feroni stressed that the new rules would push local trade to employ legal tender in transactions, instead of indulging in the use of a non-legal one.

However, the reactions of the regional commissioners to the new measures were far from reassuring.¹⁵³

One month after the issuing of the decree, the regional commissioner Paolo Teodorani wrote from Massawa that “many MTTs pass to the Arab coast and Aden, where there is a high demand of them and they can be sold at high rates”. The continuous outflow of thalers was allegedly aided by big trade companies, smuggling the thalers out of the colony. Paolo Teodorani was a supporter of the government decree, considering it as a “first step towards that radical monetary reform [...] which represents an act of true and final colonial conquest”.¹⁵⁴ However, in a second report sent on 16 September 1916, he was forced to acknowledge the adjustment of every commercial transaction to the MTT value.¹⁵⁵ Moreover, he confirmed that the “banyans, as usual” gathered as many thalers as they could in order to export them to India, where the demand for silver continued to rise. To do this, the Indian merchants continued to import goods whatever the price, knowing that they could earn significant margins through the use of MTT in payments and money-exchange.¹⁵⁶

In order to curb speculation in the colony, the commissioner in Massawa proposed a series of new measures to Cerrina Feroni:

¹⁵² ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Traduzione di bando, Addi Caieh, 2 Hamle 1908’, 2 July 1916.

¹⁵³ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Cerrina-Feroni ai Commissari tutti’, 6 July 1916.

¹⁵⁴ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato Regionale di Massaua a Governo della Colonia Eritrea’, 30 July 1916.

¹⁵⁵ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato Regionale di Massaua a Governo della Colonia Eritrea’, September 1916.

¹⁵⁶ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato Regionale di Massaua a Governo della Colonia Eritrea’, 16 September 1916.

- 1) the establishment of a fixed compulsory exchange rate;
- 2) the requisition of hoarded thalers;
- 3) an improved border and customs control to prevent the exodus of MTT;
- 4) the implementation of a strategy to attract more thalers from the neighbouring regions;
- 5) the minting of a new silver coin to substitute the MTT.

As was discussed in the first chapter,¹⁵⁷ in the same year Alberto Pollera published his first article about the Maria Theresa thaler problem in the *Rivista Coloniale*. According to Pollera, the solution to the free circulation of MTT in the colony (and to speculation) was the takeover of the monopoly of MTT exchange by the government, through the post offices. However, the selling of Italian lire in exchange for MTT was to be allowed only to those operating in inter-regional trade, or to jewellers that used to melt the MTT. Moreover, the official exchange rate was to be set by a commission appointed by the government.¹⁵⁸ In the same article, Alberto Pollera explained that close to any military camp, on pay day, the money-changers depleted their MTT reserve. The *ascaris* were very anxious to exchange their salary from lire to MTT, and the money-changers would quickly bring their earnings back to the post offices in lire to send remittances. For this reason, Italian lire (lower denominations of the *tallero eritreo*) were soon removed from circulation, while the money-changers were the ones who gained the most, selling thalers at a high price.¹⁵⁹ The influence that this money-changing had on monetary circulation translated into an influence on the local MTT quotation too. On 25 July 1915, in a letter sent by the Massawa agent of the Bank of Italy, Silvio Pacetti, to the Asmara branch, it was reported that the quotation of the thaler was being sensibly influenced by the requests of a group of *ascaris* operating in Benadir that were temporally stationed in Massawa. The sudden growth of the requests for MTT by the soldiers for their daily expenses brought the quotation

¹⁵⁷ See section 1.6.

¹⁵⁸ Alberto Pollera, 'Il Tallero Di Maria Teresa Nella Circolazione Monetaria Della Colonia Eritrea e Problemi Che Ne Derivano', *Rivista Coloniale* XI (1916), 519.

¹⁵⁹ *Ibid.*, 516–17.

from 2.40 to 2.48 lire per MTT.¹⁶⁰

Part of Alberto Pollera's proposals were included in a new set of rules issued by the new governor, Giacomo De Martino, on 24 October 1916.¹⁶¹ De Martino had been the governor of Italian Somalia at the time of the monetary reform which introduced the Italian rupee there. In that occasion he had already put efforts into the curbing of speculation operated by Indian and Arab merchants.¹⁶² The new decree issued by De Martino in Eritrea prohibited any kind of payment with MTT, and declared a fixed exchange rate for government fees (at 2.50 lire per MTT) and payments (at 2.65 lire per MTT). The fixed exchange rate for the government fees was applied to the hiring of transportation services by camels and porters too.¹⁶³ However, the most important change was the concession of a monopoly of money-changing services to the Bank of Italy, that, from that date, opened the office for the *Gestione Talleri*.¹⁶⁴ Negotiations in MTT were still allowed for foreign trade (namely, Ethiopia and Arab Peninsula), and the MTT could be exchanged by the agencies of the Bank of Italy and the post offices. The exchange rate for this kind of transaction was periodically set by a commission nominated by the government of the colony.¹⁶⁵ However, every money exchange was to be authorised by the regional commissioners. The buyer was to deliver to the agency of the bank (or the post office)

¹⁶⁰ ASBI, Filiale Asmara – pratiche, Ramo Banca 110, Tallero di Maria Teresa 1913 – 1916 – 1918, 'Direzione filiale di Massawa a Direttore della filiale di Asmara', 25 July 1915.

¹⁶¹ 'Decreto Governatoriale 24 ottobre 1916 n. 2653' in *Bullettino Ufficiale della Colonia Eritrea*, Supplemento al n. 42, Asmara, 24 October 1916.

¹⁶² Giacomo De Martino, *La Somalia Italiana nei tre anni del mio governo* (Rome: Tipografia della Camera dei Deputati, 1912). 29-30, 105-109. For a thorough analysis of the monetary reform in Somalia during De Martino's administration see: Claudio Sessa, 'Colonialismo Monetario. L'esperienza italiana in Somalia e la difficile transizione (1905-1950)', PhD thesis (Università degli Studi di Genova, 1920), 91-103. For an analysis of the efforts Governor De Martino made in Eritrea to boost its economic self-sufficiency during the First World War, see Zaccaria, 'Not a Hectare of Land Shall Remain Uncultivated This Year!'. Food Provisions for Italy and the Role of the Colonies, 1917-1918',

¹⁶³ 'Decreto Governatoriale 24 ottobre 1916 n. 2653' in *Bullettino Ufficiale della Colonia Eritrea*, Supplemento al n. 42, Asmara, 24 October 1916.

¹⁶⁴ ASBI, Filiale Asmara, Pratiche – Ramo banca 137, Gestione talleri 1916 – 1918. 'Gestione Cambio talleri M.T., Direzione Finanza a Direttore della Banca d'Italia (Asmara)', 24 October 1916.

¹⁶⁵ The members of the commission were: Camillo del Camillis (President), Giovanni Battista del Corso, Alessandro Allori (Director of the Civil Affairs of the Colony), Enrico Macchia (Chief of the Customs Service), the newly appointed director of the Asmara branch of the Bank of Italy, Giovanni Millner, and a secretary, Ernesto Dotti. See 'Bullettino Ufficiale della Colonia Eritrea, n. 42, 19 ottobre 1916'. The Commission was also in charge for the definition of the price of the demonetised Maria Theresa thalers to be sold to jewellers. See ASBI, Filiale Asmara, Pratiche – Ramo banca 137, Gestione talleri 1916 – 1918, 'Governo della Colonia Eritrea', 9 November 1916. In a side note to the news regarding the institution of the Commission in the bulletin of the *Società Africana d'Italia* (African society of Italy), *l'Africa Italiana*, the editorial board expressed surprise for the absence of Alberto Pollera from that Commission. *Società Africana d'Italia*, 'Istituzione di una Commissione per lo studio del tallero di M.T.', *L'Africa Italiana. Bollettino della Società Africana d'Italia*, 1916, 316.

a form signed by the commissioner reporting the quantity of MTT requested, the reason for the exchange, and the amount of goods intended to be bought with the MTT (see Figure 7).¹⁶⁶

COMMISSARIATO REGIONALE DELL'ACCHELA GUXAI
 N° 164..... 6 Mt. 1508
 Agli effetti dell'articolo 3 del Decreto Governativo
 reale N°2653 del 24 Ottobre 1916 si dichiara che la
 somma di Talleri Maria Teresa N. *Thilleingueredotto*
 è necessaria al *Mrs. Geyo*
 per l'acquisto di *merci* provenienti da oltre
 confine a mezzo della carovana del negadras *Wolde Berhe*
 Adi Caich *1. Febbraio 1917*
 Il Commissario Regionale
Takefeneay

Figure 7. Example of a form for the buying of MTT. Source: ASBI, Filiale Asmara, Pratiche – Ramo banca 137, Gestione talleri 1916 – 1918.

Most of the regional commissioners were sceptical about the impact that these measures would have on curbing of speculation, which was producing a sizeable devaluation of the lira in relation to local prices. One of the most negative reactions to the new regulations came from the brother of Alberto Pollera, Ludovico Pollera, then commissioner of the Bārka region.

The Bārka region and the bordering region of the Gaš-Setit were poor in infrastructure, and were mostly inhabited by pastoralist people who would often cross the borders of Ethiopia and Sudan with their herds and keep their savings in MTT. The ban on negotiations in MTT produced a burdensome premium for the exchange of MTT by the indigenous population, “for the exclusive benefit of the

¹⁶⁶ *Bollettino Ufficiale della Colonia Eritrea*, 42, Supplemento, 24 October 1916.

money-changers”.¹⁶⁷ As a consequence of this, some of the people of these regions, “not having any Eritrean money [Eritrean thaler subdivisions and lira coins], cannot buy *dura*”.¹⁶⁸ Ludovico Pollera pointed out that the presence of circulating MTT was essential to the import of *dura* from Ethiopia, the silver coin being the only one accepted beyond the borders of the colony.¹⁶⁹ Another concern for Pollera was represented by the effect of the regulations on the fundamental services of the Bəni ‘Amər camel-drivers towards different markets.¹⁷⁰ In fact, the fixed exchange rate of 2.50 lire per thaler constituted a loss for the camel-drivers, as the price of MTT continued to rise throughout the War period, disrupting the only reliable transportation system in the region.

Similar concerns relating to the combined effect of the new regulations and unreliable transportation services were expressed by the commissioner of Asmara, Giuseppe Cavalli. An interruption of the rail service from Massawa, together with ongoing negotiations in MTT in the market, caused a rise in the price of *dura* from 10-12 MTT to 14-16 MTT.¹⁷¹ According to the commissioner, the retailers in the markets used to plan the amount of money they wanted to earn according to the daily exchange rate of the MTT. At the end of the day, they would buy as many thalers as they needed to pay the *näggadras* (the heads of the caravans). For this reason, the sellers were forced to fix the price of the products according to the amount of MTT they needed to earn to finance their businesses.¹⁷² Moreover, according to Commissioner Cavalli, the new regulations, together with the shortage of MTT due to the halting of new imports from Austria, produced concern in the population. Those who had Maria Theresa thalers tended to hoard them, which represented “a

¹⁶⁷ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissario Gasc-Setit a Governo Asmara, Agordat 2’.

¹⁶⁸ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissario Gasc-Setit a Governo Asmara, Agordat’, 3 July 1916.

¹⁶⁹ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissario Gasc-Setit a Governo Asmara, Agordat’, 2 July 1916.

¹⁷⁰ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-192, ‘Commissariato Regionale del Barca, al Governo della Colonia, Agordat’, 26 July 1916.

¹⁷¹ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato regionale di Asmara’, 16 August 1916.

¹⁷² ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Governatore dell’Hamasién a Direttore Affari Civili, Asmara’, 17 August 1916.

new psychological-economical factor” worsening the state of monetary circulation.¹⁷³ This situation fostered the activity of the speculators “to the detriment of those who, being paid with the Italian currency (and among these especially those working for the colonial administration that once used to be paid in thalers), are forced to pay more those goods that experience an artificial rise in their MTT price [on the market], while the [wholesale] price has not changed”.¹⁷⁴ In fact, the situation was particularly tough for wage labourers, especially since, in 1905, the government of the colony established that every payment from the administration should be executed in Italian lire or Eritrean thalers (and their subdivisions).¹⁷⁵

A report from the regional commissioner of the Dancalia region, Dante Odorizzi, further explains how the new measures indirectly affected wage labourers, while also giving us a clue about the way in which Indian merchants could get marginal earnings from the conversion.¹⁷⁶ The commissioner reported that ever since the new regulations were in force, the price of the MTT in the market had gradually risen from 2.50 lire to 3.00 lire. Local merchants kept calculating the price of goods on the basis of the thaler, thus causing the rise in prices. A bag of *dura* worth 12 MTT, when the value of the thaler was at 2.50 lire, was sold at 36 lire when the value of the thaler hit 3.00 lire. And this, according to the commissioner, happened without any variation in the supply of *dura*, within three days: “On the Red Sea shore, the *dura* is like gold [...] the amount of money needed to buy it changes according to exchange rate”. The new regulations, which forced the fixing of the prices in lire, involuntarily facilitated this kind of speculation. Moreover, with the trade in the port town of ‘Asāb strongly being dependant on the market of Aden, the price of the MTT was determined by the Aden quotation. For an Indian merchant who knew the exchange rate of the MTT on the market of Aden, it was quite easy to calculate the profits he could obtain by exploiting differences in exchange rates.

¹⁷³ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Governatore dell’Hamasién a Direttore Affari Civili, Asmara’, 17 August 1916.

¹⁷⁴ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Governatore dell’Hamasién a Direttore Affari Civili, Asmara’, 17 August 1916.

¹⁷⁵ ‘Avviso 4 febbraio 1905, Pagamenti da farsi in carta od in moneta eritrea dalla regia Tesoreria e dagli uffici postali della colonia’ in *Bullettino Ufficiale della Colonia Eritrea*, 4 February 1905, n. 5.

¹⁷⁶ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato regionale della Dancalia, risposta alla circolare 7 agosto 1916 all’Uff. Governo Affari Civili, Assab’, 1 September 1916.

In Aden, the exchange rate of the MTT was calculated in relation to the rupee, with a fixed rate of 15 rupee to the pound. Moreover, at that time, the lira was still in the Latin Monetary Union. The Latin Monetary Union was an agreement, signed by four countries in 1865, establishing the use of 0.835 silver for the minting of coins, thus equalising the exchange rate of the national currencies.¹⁷⁷ For this reason, in the market of Aden, the quotation of the franc represented all the other currencies of the Union. Given the fixed exchange rate of the rupee, the Indian merchants simply needed to keep up-to-date with the daily exchange rate of the MTT in Aden, expressed in rupee, and that of the pound, expressed in francs. When Odorizzi was writing, 100 MTT was valued at 153 rupee, and one pound was valued 29.80 francs (or lire). Therefore, the exchange rate used by the Indian merchants in ‘Asäb was 2.93 lire per MTT.¹⁷⁸ This value was slightly higher than the official exchange value the government used for the payments of the wages, which was 2.65 lire per MTT.¹⁷⁹ As a consequence of this, the situation was particularly heavily felt by those employed by the government. Most of these were the *ascaris*. The low ranks were earning a wage of 1.00 to 1.25 lire per day, and when the MTT reached the exchange rate of 3 lire per thaler at the end of August 1916, they had effectively lost almost a third of their purchasing power, because the prices in the markets were still handled in MTT.¹⁸⁰ Major Alberti, commander of the 3rd Indigenous Battalion, wrote to the government to emphasise the difficult conditions inflicted on the Eritrean *ascaris*; the *ascaris* being “[those] who are more affected among the indigenous people”.¹⁸¹ However, at first, the Government of Eritrea did not help to solve the problems affecting its indigenous wage labourers. Cerrina Feroni’s replies appear to show annoyance toward requests to adjust the salaries in line with rising living costs. According

¹⁷⁷ The first four countries to sign the agreement were France, Belgium, Italy and Switzerland. Greece joined in 1867 and several other countries informally adopted the agreement later on. See Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System - Third Edition*, 2019, 14.

¹⁷⁸ Commissioner Odorizzi reported the formula in this way: “L. 28.80:15X153:100=2.93 L.”; 1 pound = 15 rupee = 29.80 francs (lire) so 1 rupee = 1.92 lire; 100 MTT = 153 rupee, so 1 MTT = 1.53 rupee. To calculate the price of the MTT in lire according to its price in rupee, it was sufficient to solve this calculation: $1.53 \times 1.92 = 2.93$ ca. See ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissariato regionale della Dancalia, risposta alla circolare 7 agosto 1916 all’Uff. Governo Affari Civili, Assab’, 1 September 1916.

¹⁷⁹ *Ibid.*

¹⁸⁰ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissario Regionale dell’Hamasiem al Governo della Colonia’, 23 August 1916.

¹⁸¹ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Comando del Regio Corpo di Truppe Coloniali dell’Eritrea, Assab’, 24 August 1916.

to Cerrina Feroni, approval of such a proposal would have been proof that “[the Government was] regulating the wages according to the quotation of the MTT, which, instead, should not have any influence on the Eritrean monetary system anymore”.¹⁸²

As Zaccaria showed in his article about the history of the Torrigiani canned meat factory, the soldiers were not the only ones to complain about the government’s measures regarding MTT circulation. One reason for protests that broke against the imposition of the quota system on local cattle was the government ban on the MTT.¹⁸³

However, the commissioners were blamed for the price escalation, for not having improved surveillance in the markets in order to apply the regulations and tackle speculation.¹⁸⁴ In fact, regulations for the ban of the MTT also sparked conflict and disagreement among the administrators, who accused each other of not enforcing the decree adequately. For example, Commissioner Fioccardi, of the Kärän region, justified the lack of success of the regulations in the region he administered as a consequence of the bad management of the situation in the Bärkã region by Commissioner Pollera. Fioccardi wrote that “if the measures were to be relentlessly implemented the merchants of this town would have been in a position of inferiority compared to those of other places”.¹⁸⁵

Towards the end of the World War, in order to deal with the rising prices, the Government fixed a cap for the price of the most important staple goods, such as flour, bread and sugar, through the introduction of a vigilance committee.¹⁸⁶ These measures were implemented to mitigate the consequences produced by (among the other things) those wholesale operators with a greater access to MTT, that could easily stockpile grains and resell them in times of shortage at a premium, thus

¹⁸² ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Direzioni Affari civili e Reggente del Governo della Colonia Eritrea a Commissario regionale dell’Hamasiën, Asmara’, 25 August 1916.

¹⁸³ Zaccaria, ‘Feeding the War’, 207.

¹⁸⁴ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Reggente del Governo a Commissario Regionale Asmara’, 25 August 1916.

¹⁸⁵ ASDMAE, AE, pacco 51, Industria commercio moneta 1886-1924, ‘Commissario regionale di Cheren a Governo (Direzione Affari Civili), Cheren’, 16 September 1916.

¹⁸⁶ Zaccaria, ‘Feeding the War’, 208.

pushing the prices higher.¹⁸⁷ In fact, the price of grain was not only affected by the shortage of supply and the rising prices during the War. When Giuseppe De Rossi went back to Asmara as Commissioner of Hamasen in 1919, the special commissioner of Asmara, Paolo Teodorani, wrote a report about the misbehaviour of the former regional commissioner of Hamasen, Enrico Macchia. According to Teodorani, in order to avoid control in the Asmara market, new markets appeared along the road to the town. Moreover, Eritreans disguised as members of the local *banda*, supported by stockpilars, used to stop caravans on the road, buy goods outside the market, and store the grains in the stockpilars' storages in Asmara during the night. According to Teodorani, among the "stockpilars" there was also the former Commissioner Macchia, who allegedly sent a member of the local *banda*, Omar Addù, to stop a caravan and buy "eleven *locotà* of taf and one of legumes".¹⁸⁸

In the end, the government had to find a different solution to the problem of the declining purchasing power of wage labourers. From May 1918, the MTT started being exchanged at a special rate for the *ascaris* by the offices of the Bank of Italy, and the difference for every exchange was paid by the treasury of the government of the colony.¹⁸⁹ The price of the MTT continued to rise for the entire period of the First World War, going from the pre-War value of about 2.50 lire to 6 lire per MTT (see Figure 8).

¹⁸⁷ ASDME, AE, pacco 859, 'Limitazione della compravendita su pubblico mercato, Commissario del Barca a Direzione Affari Civili, Agordat', 19 November 1919.

¹⁸⁸ I was not able to identify the unit of measurment; ASDMAE, AE, pacco 859, fascicolo 72, Commercio, mercati, informazioni commerciali, 'Incetta di Granaglie, Commissario Speciale della Città di Asmara a Direzione degli Affari Civili, Asmara', 5 March 1919.

¹⁸⁹ ASBI, 'Filiale Asmara, Pratiche – Ramo banca, 137, Gestione talleri 1916 – 1918, 'Governo dell'Eritrea, Affari Economici e Finanziari al Direttore della Banca d'Italia di Asmara', 11 March 1918.

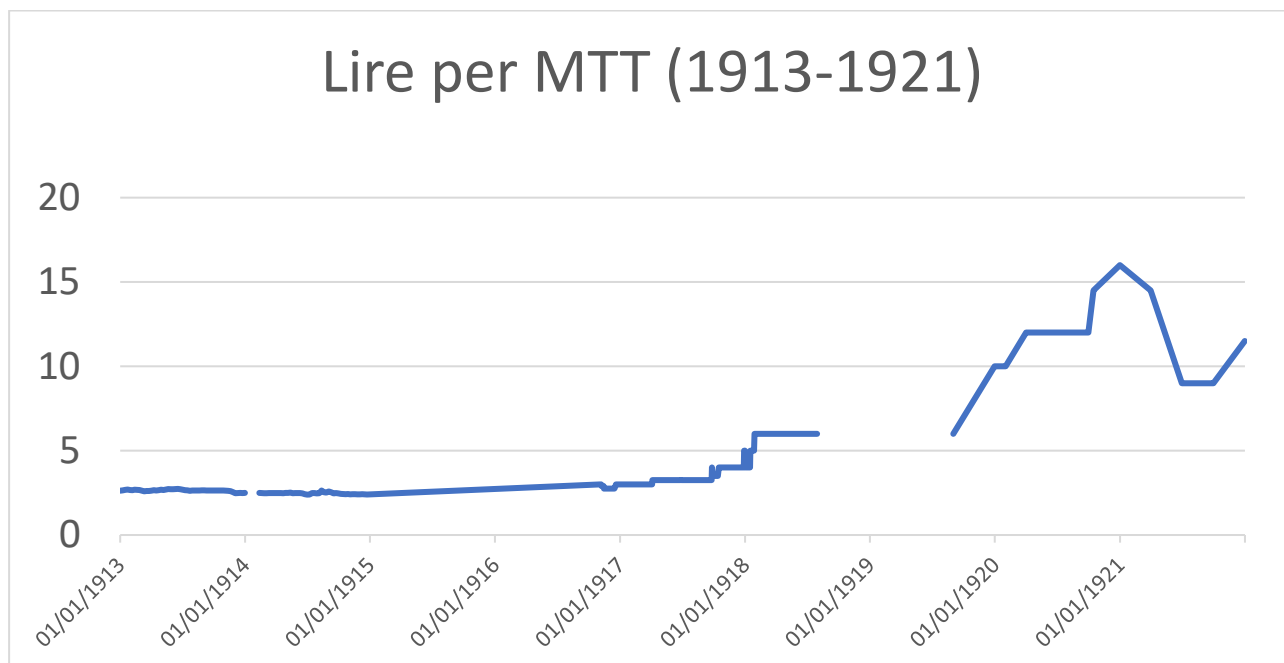


Figure 8. Quotation of the MTT in lire in Eritrea for the period 1913 -1921.¹⁹⁰ Source: ASBI, *Filiale Asmara, Pratiche – Ramo Banca 110, ‘Massaua, Talleri M.T. prezzo medio settimanale, 1913’*; *‘Movimento Talleri M.T. 1914’*; ASBI, *‘Filiale Asmara, Pratiche – Ramo Banca 137, Gestione Talleri 1916–1918’*.

The rise of the internal price of the MTT was the result of a combination of internal and external factors. Besides the scarcity of MTT due to the halting of minting, speculation and hoarding, the value of the coin itself increased due to a significant rise of the price of silver on the international markets.¹⁹¹

A 1917 report by the American consul Southard in Aden clearly described how the rise of the price of silver made it extremely profitable to buying Maria Theresa thalers and then selling them in Bombay, where they were melted into bullion bars.¹⁹²

3.3.1 The *tallero d'Italia*

At the end of the War, the government of Eritrea tried to take advantage of the lack of silver coins in the colony by attempting another substitution of the MTT with an Italian coin with free-floating value, the *tallero d'Italia*.¹⁹³ The Italians not only tried to replicate the same physical attributes of the

¹⁹⁰ There are no data available for the period September 1918-August 1919, see note 195 in this chapter.

¹⁹¹ The rise of the international price of silver was the consequence of several different factors, including a decrease in the supply of silver from Mexico following the Civil War, and the rise in demand due to the growth of global industrial activity in preparation for the First World War. See Dickson H. Leavens, *Silver Money* (Bloomington, Ind.: Principia Press, 1939), 136–39.

¹⁹² Addison E. Southard, ‘Circulation of the Austrian Maria Teresa Dollar in the Aden-Red Sea District’, Annual Report of the Director of the United States Mint, 1918.

¹⁹³ See section 1.2 and 1.5 in this thesis.

Maria Theresa thaler coin, but also its issuing rules. The coin could be issued upon request of private companies, paying a 1.5 per cent tax and supplying the necessary silver.¹⁹⁴ The free exchange of the MTT on the market, together with its use in negotiations, were only allowed again in October 1918.¹⁹⁵ However, this news was received with scepticism and suspicion, as the people in the market thought it was a strategy of the Italian government to force them to release hoarded MTTs.¹⁹⁶ On 25 August 1919, the colonial government issued a decree which extended the regulations in force for the MTT to the *tallero d'Italia*. These regulations allowed the use of both the MTT and the *tallero d'Italia* (whose value was officially equalised) for negotiations and transactions in the markets. Like the MTT, the *tallero d'Italia* was sold and exchanged by the agencies of the Bank of Italy, and the colonial government established a commission that had to revise and fix the official value for both the silver coins weekly. Initially, this value was fixed at 6 lire per *tallero d'Italia* (or MTT). However, at that time, only the *tallero d'Italia* could be used to pay tributes, customs fees and fines at the official rate. Finally, money orders in *talleri d'Italia* could be sent, within the limits of 10 to 500 *talleri d'Italia*.¹⁹⁷ The fact that the *tallero d'Italia* value was officially fixed for the government's payments did not mean that its value on the market was imposed by the government too. Therefore, the value of the *tallero d'Italia* (as well as that of the MTT) was free to float on the market.

Once again, the *ascaris* were disadvantaged because they were paid in lire and *talleri d'Italia*. For example, in the sources consulted here, a case was found in which the *talleri d'Italia* of the *ascaris* were not accepted in the market. This was after that a seller in the market of 'Addi K^wala, in the Šəra' region at the border of the Təgray region of Ethiopia, refused to receive the *ascari*'s *talleri d'Italia* for his *teff*. A report was subsequently written by the commander of the 10th Battalion, Francesco

¹⁹⁴ Lucio Mariani, *Il nuovo tallero italiano*, Tipografia dell'Unione Editrice (Rome, 1918), 25–26.

¹⁹⁵ The *Gestione Talleri* office of the bank of Italy was temporarily closed on 15 October 1918 ("being the free circulation of the MT thaler restored") only to be reopened on 25 August 1919, in order to manage the buying and selling of MTTs and Italian thalers on behalf of the colonial government. See ASBI, Affari coloniali – Pratiche 305, Relazioni Asmara, 'Relazione Annuale 1918', 26; 'Decreto governatoriale 25 agosto 1919 n. 3363', *Bullettino Ufficiale della Colonia Eritrea*, Supplemento al n. 20, Asmara, 25 August 1919.

¹⁹⁶ ASDMAE, AE, pacco 827, fascicolo 164, Calmiere tallero di Maria Teresa, 'Pro-memoria sul decreto che riguarda la trattazione in talleri, Asmara', 14 October 1918.

¹⁹⁷ 'Decreto Governatoriale n. 3363, 25 agosto 1919', in *Bullettino Ufficiale della Colonia Eritrea*, 25 August 1919 (supplement).

Damiano. The report stated that the *ascaris* of the battalion could not spend the lire and the *talleri d'Italia* on the market, because the sellers were not accepting them. Moreover, they could not find any MTT, not even at an exchange rate of 10 lire per MTT, the official rate being 6 lire (this is evidence that the MTT was not equal to the *tallero d'Italia* in the market). The situation in the market of 'Addi Ḳwala was complicated by its geographical position near the border with the Təgray. Some sellers arrived directly from Təgray, where the *tallero d'Italia* was not circulating.¹⁹⁸ The regent of the government, De Camillis, responding on the issue confirmed that both the MTT and the *tallero d'Italia* were free to float on the market: "neither for Adi Quala nor for any other market is any coercive measure possible to impose the use of one money instead of another; the negotiations should proceed freely [...] and with the payment methods established by mutual agreement. [...] They are contracts [...], the necessary elements for their validity [...] are determined by the classical demand and supply factors»"¹⁹⁹ The free fluctuation of the *tallero d'Italia* on the market of the colony may have been one of the reasons for its failure. Only 510,000 *talleri d'Italia* were issued by the Italian mint, and the price of the MTT continued to rise because the demand for inter-regional commerce was high. After one year, the price of MTT in the markets of Asmara, Massawa and 'Addi Qäyyəḥ reached 13.80 to 14.00 lire. In 'Addi Qäyyəḥ, one of the most important border markets of the colony at that time, and where an agency of the Bank of Italy opened in 1917, the *tallero d'Italia* was always valued at 2.00 lire less than the MTT.²⁰⁰ For this reason, according to Alberto Pollera, the jewellers preferred to buy *talleri d'Italia* to melt them, as they were less expensive than the MTT and contained the same amount of silver (or even slightly more). Given the small quantity of *talleri d'Italia* issued, this practice made the Italian coin rapidly disappear.²⁰¹

¹⁹⁸ ASDMAE, AE, pacco 876, fascicolo 72, 'Incidente mercato di Adi Quala tra ascari e paesani, Comandante del 10° Battaglione Indigeni al Comandante Truppe, Adi Quala', 4 October 1919.

¹⁹⁹ ASDMAE, AE, pacco 876, fascicolo 72, 'Incidente mercato di Adi Quala tra ascari e paesani, Il Reggente del Governo al Comando Truppe', 24 November 1919.

²⁰⁰ The agent of the Bank of Italy calculated that an average of 30,000-40,000 MTT circulated in 'Addi Qäyyəḥ. ASBI, Filiale Asmara, Pratiche – Ramo Banca, 138, Gestione Talleri, 1918 – 1922, 'Agente filiale di Adi Caieh a Filiale Asmara', 20 September 1920.

²⁰¹ Alberto Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*. (Tivoli: A. Chicca, 1926), 73.

3.3.2 The introduction of paper money

The introduction of the *tallero d'Italia* was not the only solution attempted by the Italians to deal with the shortage of currency during the First World War. In order to support the local monetary system, banknotes were also sent to the colony. Not only state-issued notes and banknotes started to circulate, but also vouchers and token coins issued by private commercial companies. These vouchers were backed by deposits in the companies' bank accounts held at the Eritrean agencies of the Bank of Italy.²⁰² The free issuing of vouchers and paper notes by private companies was finally prohibited on 15 June 1918, as was their use in commercial transactions. These kinds of notes were considered "illegal" because they were not authorised by the Italian government and could hamper the process of building a colonial monetary system, based on a legal tender.²⁰³ In the end, an order was given to issuing companies to withdraw the circulating notes and exchange them according to their nominal value within two months.²⁰⁴

However, the War period was not the first time that banknotes had been introduced into the colony. In 1886, banknotes to the value of 70,000 lire were issued by the *Banca Nazionale nel Regno d'Italia* (which will later become part of the Bank of Italy). These had been sent to the Military Treasury in Massawa.²⁰⁵ The banknotes were not, however, accepted locally. In 1890, a new attempt was made with the introduction of 600,000 lire in banknotes. One third of the notes had been issued by the *Banco di Napoli*, which, at that time, was an issuing body together with the *Banca Nazionale*.²⁰⁶ This issuing followed the complaints of the *Banco di Napoli* about the discrimination against its notes, which were not accepted by the treasury of the colony.²⁰⁷ Nevertheless, General Baldassarre Orero replied that "the issuing of banknotes of many different forms and [from different] issuing bodies can

²⁰² Amanto Di Fausto, 'Relazione n. 13. Sistema Monetario', in *Problemi del dopoguerra. Relazione del governo dell'Eritrea* (Rome: Tipografia nazionale Bertero, 1918), 119.

²⁰³ Di Fausto, 119, note 1.

²⁰⁴ 'Decreto Governatoriale 3068, 15 giugno 1918' in *Bullettino Ufficiale della Colonia Eritrea*, Supplemento al n. 24', 15 June 1918.

²⁰⁵ Mauri, *Il mercato del credito in Etiopia*, 144.

²⁰⁶ *Ibid.*, 145.

²⁰⁷ ASDMAE, ASMAI I, posizione 22/1, *Circolazione monetaria 1885 – 1913*, 'Ministero degli Affari Esteri a Comando Truppe Massaua, Circolazione dei biglietti del Banco di Napoli nei possedimenti italiani d'Africa', Rome, 4 February 1890.

generate confusion in these countries, where the paper money system is not known by the majority of people”.²⁰⁸ For this reason, the banknotes of the *Banco di Napoli* were sent back to Italy.²⁰⁹ In fact, banknotes did not circulate widely among the people of the colony at all. One of the explanations for this was that the banknotes were not suitable for the environmental conditions of the colony, nor for indigenous hoarding practices.²¹⁰ The few examples of the use of banknotes by Eritrean people that I have found in the sources are quite exceptional, such as the case of Zego Berhané. In 1896, Zego Berhané, an interpreter of the *Residenza*²¹¹ of the Mareb region, gave Captain Arturo Mulazzani a broken 100 lire note, made up of two different 100 lire banknotes issued by the *Banca Nazionale*, in order to exchange it for a new one.²¹² As an agency of the *Banca Nazionale* had not been opened in the colony yet, the damaged banknote had to be sent back to the headquarters of the bank in Rome.²¹³ Once the banknote reached the *Banca Nazionale*, the board approved the change of the damaged banknote. However, in order to proceed with the issuing of a new note, it was required that the claimant deposit at least five lire into a bank account as a collateral.²¹⁴ Zego Berhané agreed to deposit five lire through Mulazzani only after 6 years, in 1902. Given that no bank branch had been opened in the colony, Zego Berhané’s deposit was opened in Rome at a 5 per cent interest rate.²¹⁵ In 1906,

²⁰⁸ ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, ‘Comando Truppe Massaua a Ministero degli Affari Esteri, Circolazione dei biglietti del Banco di Napoli nei possedimenti italiani d’Africa’, Massawa, 13 February 1890.

²⁰⁹ Mauri, *Il mercato del credito in Etiopia*, 145.

²¹⁰ Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*, 76; Mauri, *Il mercato del credito in Etiopia*, 146.

²¹¹ The role of the *residente* was first defined by Governor Ferdinando Martini, during his administrative reorganisation of the colony in 1898. A *residenza* could be established in an administrative unit smaller than a region, and the *residente* was the representative of the governor of the colony for that portion of territory. See ‘Decreto Governatoriale n. 44, 29 June 1898’, in Angiolo Mori, *Manuale di legislazione della colonia Eritrea*, vol. 4 (Rome: Tip. dell’Unione, 1914), 71.

²¹² ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, ‘Circa un biglietto danneggiato da 100 lire ammesso al cambio nel 1896, Governo dell’Eritrea a Ministero degli Affari Esteri, Ufficio coloniale’, Asmara, 4 August 1902.

²¹³ This procedure was followed for a similar case, which is the only other case of an Eritrean bringing a damaged banknote to the treasury office that I was able to find in the archives. This incident occurred in 1898. ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, ‘Comando Truppe Massaua a Ministero degli Affari Esteri, Biglietto da 100 lire della Banca nazionale del Regno d’Italia, Ufficio centrale amministrativo della Colonia Eritrea a Ministro degli Esteri, Ufficio coloniale’, 13 August 1898.

²¹⁴ ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, ‘Circa un biglietto danneggiato da 100 lire ammesso al cambio nel 1896, Governo dell’Eritrea a Ministero degli Affari Esteri, Ufficio coloniale’, Asmara, 4 August 1902.

²¹⁵ ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, ‘Circa un biglietto danneggiato da 100 lire ammesso al cambio nel 1896, Governo dell’Eritrea a Ministero degli Affari Esteri, Ufficio coloniale, Asmara’, 4 August 1902.

when that specific kind of 100 lire note was withdrawn from circulation, Berhané had earned 9.75 lire from interest, which was sent to him via a money transfer at the treasury of the colony, passing through two bank accounts.²¹⁶

Information about the use of banknotes by indigenous people in the first twenty years after the foundation of the colony are very rare. Moreover, Berhané's story shows how the introduction of a European monetary device, like a banknote, came with a series of entailments that were not previously present in the colony, like an issuing body that was able to guarantee the value of the banknote. At the same time, it shows how new and original colonial relationships were created through the solution of practical problems.

As for the other monetary policies implemented during the war, the available sources on the local use of banknotes mainly refer to the *ascaris*. Being wage labourers employed by the government, the *ascaris* were also the first to face the changes brought on by the new policies. An interesting case can be found in the records of the Military Court of the colony. Mohamed Mohamed Zien, a 24 year old *ascari* of the 5th Company of the 1st Battalion, born in Assahata (Şəra'), was accused of stealing three two-lire notes from the wallet of his Captain, Aronne Franconieri on 20 January 1918. The captain realised that three notes out of a pack of fifty were missing and searched his attendants, finding one of the notes in Mohamed Mohamed Zien's pocket. The *ascari* confessed and explained that he did not want to steal the banknotes, but just wanted to have a look, as he had never seen the newly issued banknotes before. The court finally acquitted the *ascari*, as he had hidden the notes (losing two of them) for fear when the captain arrived, and he could not put them back.²¹⁷ Even though we cannot ascertain whether he spoke the truth, we can infer that it was still not common for an *ascari* to handle banknotes at that time. Moreover, as we have seen before, even after only one year it was very difficult for an *ascari* receiving Italian coins or paper money to buy goods in the market or exchange them

²¹⁶ ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913. 'Interessi sulla cartella di deposito n. 95, Governatore della Colonia Eritrea a Ministero degli Affari Esteri', Asmara, 17 March 1906; ASDMAE, ASMAI I, posizione 22/1, Circolazione monetaria 1885 – 1913, 'Circa un biglietto danneggiato da 100 lire ammesso al cambio nel 1896, Biglietto danneggiato da lire 100 ammesso al cambio, Zego Berhané. Ministero degli Affari Esteri a Governatore Civile della Colonia Eritrea', Rome, 26 March 1906.

²¹⁷ ASDMAE, AE, pacco 827, fascicolo 10, 58, 'Sentenze Tribunale Militare 1918, Causa contro Mohamed Mohamed Zien', Asmara, 11 May 1918.

without incurring a loss.²¹⁸ This was particularly true in the markets located along the borders of the colony. Italian paper money was issued to aid local circulation, but banknotes were not accepted in inter-regional commerce.²¹⁹ On 2 September 1919, Abrahà Teferi, from Təgray, negotiated (in MTT) the sale of 19 head of cattle in the market of ‘Addi Wəgri. The buyers gave him a deposit consisting of one five-lire coin and some banknotes. On the occasion of the settlement of the purchase, Abrahà Teferi was first proposed to accept the settlement of the payment in *talleri d’Italia* (whose quotation in the market was 5.00 lire) instead of MTT (7.00 lire each), and then was forced to accept paper money.²²⁰ For this reason, he decided to complain to the government of the colony, as Italian paper money did not circulate in Ethiopia.²²¹

As is clear from the few examples reported here, banknotes were not readily accepted. For this reason, the colonial government had to force their use on the local people. An example of this occurred in April 1920, when a rise in the demand for cattle in the Gaš-Setit region allowed the Bəni ‘Amər to set the means of payment, preferring silver coins and refusing paper money. The regional commissioner fined them, because Italian colonial subjects were not allowed to refuse Italian paper money in transactions.²²²

As we have already seen, the lack of MTT, together with the strict Italian control on its use in transactions, resulted in some impediments to inter-regional commerce. The Ethiopian *nəggade* (Ethiopian caravan traders) did not like the idea of changing their thalers at the official rate of the government, so as to buy commodities in Eritrea. In fact, the official rate was always lower than the market one, as the Italians tried in this manner to keep the prices low.²²³ Moreover, the *nəggade*

²¹⁸ ASDMAE, AE, pacco 876, fascicolo 72, ‘Incidente mercato di Adi Qwala tra ascari e paesani, Comandante del 10° Battaglione Indigeni al Comandante Truppe’, ‘Addi Ḳwala, 4 October 1919.

²¹⁹ Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*, 68.

²²⁰ ASDMAE, ASDMAE, AE, pacco 859, fascicolo 72, Commercio, mercati, informazioni commerciali, ‘Promemoria’, Asmara, 27 December 1919.

²²¹ ASDMAE, ASDMAE, AE, pacco 859, fascicolo 72, Commercio, mercati, informazioni commerciali, ‘Abraha Teferri di Tigrai, Reggente del Governo a Commissario di Adi Ugri’, 29 December 1919. Pollera maintains that, in some areas of the Təgray where Mənilək’s thaler had not been successful, there were some subsidiary coins of the *tallero eritreo* circulating. However, the shortage provoked by the First World War caused the Italian silver coins to disappear from there too. Pollera, *La vita commerciale etiopica e la circolazione monetaria Eritrea*, 76.

²²² ASDMAE, AE, pacco 876, fascicolo 72, ‘Gente dell’Hamasiēn, di Dembelas, di Cheren che vanno nel Gasc e Setit per acquistare bestiame senza autorizzazione, Commissario Gasc e Setit to Direzione Affari Civili’, 3 April 1920.

²²³ ASDMAE, AE, pacco 51, ‘Agenzia commerciale Dessie a Governo dell’Eritrea’, Dessie, 10 August 1916.

needed MTT for their return journeys, in order to pay tributes and fees in Ethiopia. They therefore tended to choose the markets where they could find more MTT to sell their products.²²⁴ When the MTT was not allowed to be freely exchanged in the market, they turned to the colonial administration to have their money changed into MTT, if they did not have enough for their journey. The administration, in turn, could not refuse to sell them MTT, because the Italian colony needed imported foodstuffs for the entire period of the War. Therefore the outflow of MTT continued.²²⁵

3.3.3 The Maria Theresa thaler and regional trade

In the previous sections we have seen some examples of how a combination of the shortage of MTT and Italian monetary policies influenced inter-regional commerce. The data about caravan trade during the War can better explain what the reasons for those policies were, and the effect of the War on the regional trade system.

The first information that stands out from these data is the inversion of the direction of caravan trade towards Ethiopia. Before the War, according to the data collected by the agent of the Bank of Italy in Asmara available for the years 1911 and 1912, the export from Eritrea to Ethiopia exceeded the import, and the trade volume was growing.²²⁶ The main export items were cotton fabrics, silk waste, oil and Indian rice.²²⁷ This was also thanks to the improvement of the relationship of the Italian colony with Ethiopia, ratified by a treaty of commerce and friendship signed in 1906.²²⁸ The caravan

²²⁴ In 1920, the agent of the bank of Italy in 'Addi Qäyyäh, wrote that telegraphic services were widely used by the *näggade* in Mäqälä to stay up to date about the state of trade in Eritrea, the exchange rates in the markets and the availability of MTTs. ASBI, Filiale Asmara, Pratiche - Ramo banca 138, Gestione Talleri 1918 – 1922, 'Riservata. Al direttore della filiale di Asmara', 'Addi Qäyyäh, 20 September 1920.

²²⁵ ASDMAE, AE, pacco 827, fascicolo 164, 'Calmiere tallero di Maria Teresa, Direzione Affari Economici', Asmara, 19 April 1918.

²²⁶ The value of imports reached 2,319,000 lire in 1911 and 2,708,000 lire in 1912; that of the export was 3,071,000 lire in 1911 and 3,545,000 in 1912. ASBI, 305, ASBI, 'Affari coloniali – pratiche, 305, Relazioni Asmara, Relazioni Asmara' (1913), 32-34

²²⁷ See note 99 in this chapter for more details regarding caravan commerce between Eritrea and Ethiopia in 1911 and 1912. ASBI, Affari coloniali – Pratiche, 305, Relazioni Asmara, Relazioni Asmara, Relazione sulla Colonia Eritrea sull'impianto di una agenzia della Banca d'Italia in Asmara, Cav. Introna' (1906) 39-40.

²²⁸ Massimo Zaccaria, 'Agenzie commerciali, compagnie di navigazione e *näggadras*: La definizione dello spazio coloniale nell'Eritrea italiana', in *Votare con i piedi: La mobilità degli Individui nell'Africa coloniale italiana* (Macerata: EUM, 2012), 276. See 'Trattato di commercio e amicizia sottoscritto dall'Imperatore d'Etiopia e dal Ministro italiano in Addis Abeba', no. 333, Addis Ababa, 21 July 1906 in Ministero degli Affari Esteri, Direzione centrale degli affari coloniali, *Trattati, convenzioni, accordi, protocolli ed altri documenti relativi all' Africa: 1825-1906*. Vol. 2 (Roma: Tipografia del Ministero degli Affari Esteri, 1906), 1242-43.

trade was further supported by the opening of three Italian commercial agencies in Gondär, ‘Adwa and Dessie in 1909.²²⁹ The official aim of these agencies was that of collecting commercial information and fostering Ethiopian-Eritrean trade relationships. However, Massimo Zaccaria has shown the important political function these agencies had for the Italian plan of building a larger area of influence, and for strengthening the role of Eritrea as a “transit region” between Ethiopia and the opposite shore of the Red Sea.²³⁰ These relationships became particularly important in supplying the needs of Italy at the outbreak of the First World War. The Italians had great expectations of the capacity of Ethiopia in supplying the cattle needed for the functioning of the new canned meat factory.²³¹ However, from 1916 the situation became difficult. This is because a ban on the export of cattle to Eritrea was imposed by *Ras Šəyyum Mängäša* of Təgray.²³² In the same year, Ethiopia also implemented a ban on the export of MTT to confront its over-valuation.²³³ These decisions came at the end of a troubled period for Ethiopia. Emperor Mənilək had died in 1913, and soon a war of succession broke out. Mənilək’s grandson, *Ləğ Iyasu*, attracted suspicion from the Šəwan notables, as he tried to enlarge his entourage by building alliances with chiefs of other regions of the Empire (not only Təgreans and Oromos, but also the more peripheral Afars and Somalis).²³⁴ He was eventually excommunicated by Abunä Matéwos for his alleged sympathy toward Islam, and was defeated in battle in 1916.²³⁵ Mənilək’s daughter, Zäwditu, became the new Empress of Ethiopia and *Ras Täfäri Mäk^wännən* (the future *Ḥaylä Šəllase*), son of *Ras Mäk^wännən* of Harär’, was nominated as her regent and heir.²³⁶ Toward the end of 1917, the supply of cattle from Ethiopia commenced again.²³⁷ These events, together with the MTT ban and the Italian need for supplies to support the war

²²⁹ Zaccaria, ‘Agenzie commerciali, compagnie di navigazione e näggadras: La definizione dello spazio coloniale nell’Eritrea italiana’, 277–78.

²³⁰ *Ibid.*, 280–94.

²³¹ Zaccaria, ‘Feeding the War’, 200.

²³² *Ibid.*, 201.

²³³ Pankhurst, *Economic History of Ethiopia*, 487.

²³⁴ Patrick Gilkes and Martin Plaut, ‘Great War Intrigues in the Horn of Africa’, in *The First World War from Tripoli to Addis Ababa (1911-1924)*, ed. Shiferaw Bekele, Uoldelul Chelati Dirar, and Alessandro Volterra (Addis Abbeba: Centre français des études éthiopiennes, 2018), 35–55.

²³⁵ Gilkes and Plaut, 49; Pankhurst, *Economic History of Ethiopia*, 27.

²³⁶ Harold G. Marcus, *A History of Ethiopia* (Berkeley and Los Angeles, California: University of California Press, 1994), 116.

²³⁷ Zaccaria, ‘Feeding the War’, 208.

effort, had reversed the trade balance with Ethiopia.²³⁸ The imports from Ethiopia had reached the value of 22,020,299.33 lire.²³⁹ The most important items imported into the colony were hides and skins, due to the high demand for the manufacture of boots for the army.²⁴⁰ The value of the imported skins reached 14,601,325 lire in 1918, more than half of the total value of all imports. However, given these impressive figures, two points should be stressed. First of all, the huge rise in the value of imports also depended on the rise of the prices of commodities, that, as we have seen, was strictly correlated with the rise of the price of MTT.²⁴¹ Secondly, these trade statistics did not include the import of cattle from Ethiopia for the canned meat factory, as well as all those commodities that did not reach the markets and the caravanserais because they were directly imported by private businesses. For example 2,784 head of cattle (with a 370,000 lire value) were imported for the Torrigiani factory in September and October 1918, without being included in the statistics. The reason for their exclusion was the total absence of customs offices at the border with Ethiopia. Thus, the statistics were compiled only when and if the commodities reached the markets and the caravanserais.²⁴²

The trade statistics show us at least two ways in which Maria Theresa thalers continued their exodus from the colony during and after the War, notwithstanding Italian policies. The first way was through caravan commerce itself. The imports had to be paid for in MTT, which was the only currency accepted in Ethiopia. This problem was partly solved by the work of the *Gestione Talleri*, which issued thalers only with the permission of the regional commissioners. However, as we have seen,

²³⁸ Together with blockades, the Italian ban on exports forced Eritrea to rely on its own strength for supplies. Praising the efforts that the colony had made to reach self-sufficiency during the War, Gaspare Colosimo resumed the main exports from the colony to support the war effort: tinned meat, 12 million pieces; hides, 18 million lire; *doum* nuts: ca. 50,000 q; potassium chloride, ca. 50,000 q. Gaspare Colosimo, *Relazione al Parlamento sulla situazione politica, economica ed amministrativa delle colonie italiane* (Roma: Tipografia del Senato, 1919), 322. For an overview on the export bans imposed by Italy during the War, see Vincenzo Dentamaro, 'Il commercio estero dell'Italia durante la guerra', *Giornale degli economisti e rivista di statistica* 64 (Anno 34), no. 6 (1923): 305–19.

²³⁹ The value of exports rose as well, but stopped at 12,500,224 lire. The most important export items were cotton yarns, liquors and tobacco. ASDMAE, AE, pacco 859, 'Movimento carovaniero con l'oltre confine', Asmara, 18 September 1919.

²⁴⁰ Colosimo, *Relazione al Parlamento sulla situazione politica, economica ed amministrativa delle colonie italiane*, 315–16; Ahmad, 'Trade Relations of Northern Ethiopia with Italian Eritrea 1903-1935', 421.

²⁴¹ ASDMAE, AE, pacco 859, 'Movimento carovaniero con l'oltre confine', Asmara, 18 September 1919

²⁴² *Ibid.*

not all the imports passed through markets and caravanserais, and some stockpilers could use their MTT reserves to bypass the government controls and import goods in exchange for silver. The need for MTTs in Ethiopia could also be used as a weapon to gain commercial and political advantage. In October 1917, the French embassy in Italy complained to the Italian Ministry of Foreign Affairs about the shortage of MTT in Ethiopia, allegedly the result of stocking-up operations conducted by the British (who, according to the French, had hoarded 200,000 MTTs), as well as the French and the Italians in Ethiopia.²⁴³ The Minister of the Colonies, Gaspare Colosimo, denied any Italian attempt to stockpile MTT in Ethiopia.²⁴⁴ However, in another letter to the Ministry of Foreign Affairs Sydney Sonnino, Colosimo suggested that the shortage of MTT in Ethiopia could be used to gain political influence, facilitating transactions in kind. Moreover, he suggested that the Ethiopian need for MTT could be used by the *Società Commerciale Italo Abissina* of Milan (SCIAM) to achieve a concession for the opening of a distillery in Təgray.²⁴⁵ SCIAM had been founded on 23 July 1915, and Giuseppe Ostini, who had been the first commercial agent for the colonial government in Gondär, was on the company board. The SCIAM represented one of the commercial companies that were economically and politically backed by the government of the colony and the Ministry of Foreign Affairs to acquire political influence in the region and expand Italian trade.²⁴⁶ Since the year of its foundation, the company was used as a tool of the Italian government in obtaining the concession for the distillation of alcohol in Ethiopia “for political reasons”.²⁴⁷ The shortage of MTT could have been used as a means to achieve better terms for the paying of the requested annual fees (about 40,000 MTT).²⁴⁸

²⁴³ ASDMAE, ASMAI, posizione 50/1, ‘Incetta di Talleri di Maria Teresa in Abissinia, Ministero degli Affari Esteri a Regio Ministero delle Colonie’, Rome, 19 October 1917.

²⁴⁴ ASDMAE, ASMAI, posizione 50/1, ‘Raccolta di talleri di M.E. [sic] in Etiopia, Ministero delle Colonie a Direzione Generale degli Affari Politici’, Rome, 30 October 1917.

²⁴⁵ ASDMAE, ASMAI, posizione 50/1, ‘Riservata - Incetta di Talleri di Maria Teresa in Abissinia, Ministero delle Colonie a Ministero degli Esteri’, 6 November 1917.

²⁴⁶ However, the SCIAM was not successful and was put into liquidation in 1921. See Zaccaria, ‘Agenzie commerciali, compagnie di navigazione e näggadras: La definizione dello spazio coloniale nell’Eritrea italiana’, 239–302. The deed of incorporation can be found in ASDMAE, AE, pacco 1036, SCIAM 1915.

²⁴⁷ ASDMAE, AE, pacco 1036, SCIAM 1915-1916, ‘Ministero Affari Esteri a Governo dell’Eritrea’, Rome, 6 November 1915.

²⁴⁸ ASDMAE, ASMAI, posizione 50/1, ‘Riservata - Incetta di Talleri di Maria Teresa in Abissinia, Ministero delle Colonie a Ministero degli Esteri’, 6 November 1917; ASDMAE, AE, pacco 1036, ‘SCIAM 1915-1916, Telegramma a Colli’, Rome, 7 April 1916.

The other way Maria Theresa thalers left the borders of the colony was through smuggling. Looking at the same caravan trade statistics for the year 1918, another loophole stands out. The figures regarding caravan trade volumes with Sudan recorded in Eritrea did not match with the ones recorded by the British authorities on the other side of the border in Sudan. According to a convention signed on 26 November 1901, four customs offices had been established on the border, and a 5 per cent *ad valorem* tax was established on the imports.²⁴⁹ However, the value of the exports recorded in Eritrea for the year 1918 was 157,575 lire, while in Sudan 306,840 lire of imports from Eritrea had been recorded. Clearly this means that it was not possible to exercise an efficient customs control at the border. In fact, as is evident from an accurate report by the Bank of Italy, the border with Sudan was the route preferred by Indian merchants to export MTT. A report by the Bank of Italy prepared in Kärän describes the route that Indian merchants took to reach and pass the Sudanese borders (sometimes even bribing the customs officers) in order to get to Port Sudan and send the smuggled thalers to Aden and Bombay.²⁵⁰

The shipment of MTT to the Arabian Peninsula was allowed again starting from August 1920. However, only MTT coming from the *Gestione Talleri* could be sent. For this reason, all those who wanted to ship their own thalers had to first sell them to the *Gestione Talleri*, then buy them back at the price of 15 lire per thaler, so as to get the required authorisation to ship them.²⁵¹ The ban on the export of MTT from Ethiopia was removed in May 1921, after European traders had put pressure on Ras Täfäri through the legations of their countries in Addis Abäba.²⁵² Some rumours about the Austrian government wanting to restore the shipment of MTT to Addis Abäba started spreading

²⁴⁹ 'Convenzione Doganale 26 novembre 1901, fra la Colonia Eritrea e il Sudan', in Angiolo Mori, (*Rome: Tip. dell'Unione, 1914*), 4, 785–88.

²⁵⁰ According to the agent of the branch of the Bank of Italy in Kärän, Cangi Dossa (the notable of the «banyan» community) was the best operator in this business. See ASBI, 'Filiale Asmara, Pratiche - Ramo banca, 138 Gestione Talleri 1918 – 1922. Banca d'Italia, Agenzia di Cheren al Direttore dello Stabilimento di Massaua', Kärän, 30 December 1921.

²⁵¹ ASBI, Filiale Asmara, Pratiche - Ramo banca 138, Gestione Talleri 1918 – 1922, 'Esportazione di talleri per via di mare, Direzione dei Servizi Finanziari della Colonia Eritrea a Banca d'Italia (Gestione Talleri)', Asmara, 15 August 1920.

²⁵² ASDMAE, ASMAI I, posizione 50/1, 'Crisi commerciale. Quistione esportazione talleri. Regia Legazione d'Italia in Etiopia a Ministro Affari Esteri', Addis Abäba, 14 January 1921. In July 1922, a report from the Italian *Regia Legazione* in Addis Ababa acknowledged Ras Täfäri's goodwill towards Eritrea, as he had allowed the export of MTT on some occasions, as well as during the complete ban. ASDMAE, ASMAI I, posizione 50/1, 'R. Legazione d'Italia in Etiopia', Addis Abäba, 3 July 1922.

around 1920.²⁵³ Another very detailed report, written in October 1921, sheds light on the circulation of MTT once they had left the colony. According to the report, only a small quantity of MTT that the “banyans” were able to export to Aden and Bombay were melted and re-coined. Most of them were absorbed by the market in Yemen. MTTs were exchanged in Aden with Arab merchants for coffee, hides and dates. When the *dura* harvest was good, the Arabs used to hoard MTTs as they did not need them to import the *dura* from the western shore of the Red Sea. On the contrary, during bad harvests, the thalers used to go west, back to the port of Massawa. Those MTTs that reached Bombay were traded with merchants from the Persian Gulf in exchange for pearls and dates.²⁵⁴ This report anticipated the growing attention of the Italian colonial government to the regional role of the Eritrean colony as a “transit region”. After the War, a brief economic boom was followed by a slump as the global economy struggled to reallocate resources and adjust production to the demands of a peacetime economy.²⁵⁵ Italy limited imports in order to reduce its trade deficit, and all the effort to adapt colonial trade to the pressing demands of Italy during the War were frustrated. For example, in 1918 there were ongoing attempts by traders in Eritrea to attract quality hides (the most important export item) through the assignment of prizes to the *näggade*, and the dispatch of specialised indigenous labourers to introduce skin-processing techniques in Ethiopia.²⁵⁶ The fall in demand paralysed the caravan trade, as the prices of the goods in the market were too low to support transportation costs.²⁵⁷ *Doum* nuts, another important export product during the War, used to produce buttons for the troop uniforms, were no longer requested by Italian factories.²⁵⁸ Moreover, a series of other factors further crippled the economy of Eritrea. A swarm of locusts in 1918 and scarce rains produced poor harvests until

²⁵³ ASDMAE, ASMAI, posizione 50/1, ‘Talleri di Maria Teresa, Ministero delle Colonie a Direzione Generale degli Affari Economici’, 11 June 1920.

²⁵⁴ ASBI, ‘Filiale Asmara, Pratiche - Ramo banca, 138 Gestione Talleri 1918 – 1922. Banca d’Italia, ‘Gestione Talleri Massaua a Direttore Filiale di Asmara’, Massawa, 11 October 1921.

²⁵⁵ Charles H Feinstein, Peter Temin, and Gianni Toniolo, *The World Economy between the World Wars* (Oxford; New York: Oxford University Press, 2008), 6–20.

²⁵⁶ ASBI, Affari coloniali – Pratiche 305, Relazioni Asmara, ‘Relazione Annuale 1918’, 4.

²⁵⁷ Tuccimei, *La banca d’Italia in Africa*, 95.

²⁵⁸ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, ‘Relazione 1921’, Asmara, 26 January 1922. For the economic contribution of the colony of Eritrea to the War, see Colosimo, *Relazione al Parlamento Sulla Situazione Politica Economica Ed Amministrativa Delle Colonie Italiane*, 316.

1925.²⁵⁹ A devastating series of earthquakes hit Massawa from January to September 1921, destroying the town and making the European buildings in the area not fit to live in.²⁶⁰ Finally, the colony went through a serious credit crunch. The *Banca per l'Africa Orientale*, which was already suffering due to the collapse of international trade, had its *coup de grâce* with the bust of the *Banca Italiana di Sconto*, its majority shareholder.²⁶¹ The official interest rate in the colony skyrocketed to 15%, while usury dominated among indigenous economic operators.²⁶² The collapse of Eritrean economy halted only in the second half of 1922, but the recovery was far from complete. The construction industry gained momentum from 1923, with the starting of demolition and reconstruction works in Massawa, boosted by a change in the government of the colony.²⁶³ But it was only from 1924 that the situation of the economy started to improve again. Trade between the ports of the Red Sea recovered, harvests improved, and the price of goods started to rise again, incentivising caravan trade. Even *doum* nuts exports resumed in 1924, while only 18,000 quintals of nuts had been harvested out of the 40,000 that were produced in 1923.²⁶⁴ However, monetary instability still characterised Eritrean economy, as available MTTs were not enough to fuel it and the supply of new thalers from Vienna was slow. The value of the MTT fluctuated from 13 to 16.5 to the lira in one year, reaching the quotation of 18 lire in January 1925.²⁶⁵ Meanwhile, in Italian Somalia (which had recently acquired the Trans-Juba territory from Britain as a war reward), the new Fascist governor Cesare Maria De Vecchi decided to deal with the monetary problem by extending the Italian monetary

²⁵⁹ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1918', 5-6; ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1921', 26 January 1922, 2; ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1921', 26 January 1922, 2; ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1923', 2 February 1924, 2; ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1924', 2 February 1925, 2.

²⁶⁰ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1921', 26 January 1922, 1.

²⁶¹ *Ibid.*, 11; Mauri, *Il mercato del credito in Etiopia*, 173. For an account of the banking crisis in Italy in those years, see De Rosa, *Storia del Banco di Roma*, vol. 2, 297-301.

²⁶² ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1921', 26 January 1922, 11-12.

²⁶³ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1923', 2 February 1924, 2, 7. The reconstruction of Massawa also revived the labour demand. ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1923', 2 February 1924, 2.

²⁶⁴ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1924', 2 February 1925, 6; ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1923', 2 February 1924, 4.

²⁶⁵ ASBI, Affari coloniali – Pratiche 305, Relazione Asmara 1913-1925, 'Relazione 1924', 2 February 1925, 10. See figure 8 for the MTT exchange rate chart to 1921.

system to the colony.²⁶⁶ Unlike Eritrea, Somalia had not experienced a trade growth during the War, being instead almost completely cut off from Europe.²⁶⁷ On the contrary, it was involved in the post-War crisis of the rupee which affected East Africa and led to the constitution of the British East African Currency Board.²⁶⁸ The shortage of currency, the rise of the international price of silver, and the devaluation of the lira provoked a spike in the intrinsic value of the rupee compared to its nominal value, while keeping a fixed exchange rate with the lira until 1919.²⁶⁹ As had already happened in Eritrea, the Bank of Italy was called on to manage the monetary crisis, by issuing vouchers in rupee, guaranteed by the deposits of the bank in Somalia.²⁷⁰

In the following years, the actions of the colonial government aimed at the expansion of the political and commercial influence in Ethiopia and on the other shore of the Red Sea.²⁷¹ In Eritrea, the new Italian colonial strategy was personified by the first fascist governor of the colony, Jacopo Gasparini, who from 1923 to 1928 conducted a successful diplomatic and commercial action in Yemen and Ethiopia.²⁷² This trend was abruptly interrupted by the Great Depression at the end of the 1920s, and a subsequent fragmentation of the world economy, with the creation of different trading areas and lack of international cooperation.²⁷³ From that time on, the attention of the new governors of the colony focused on strengthening the influence in Ethiopia, and preparing for its invasion.²⁷⁴ The office of the *Gestione Talleri* had been closed on 31 December 1921, “considering the reasons that led to [its] foundation ceased [to exist]”.²⁷⁵ A multiple currency system continued to fuel the economic life of the Italian colony of Eritrea, and it was only in 1936, when the monetary system of

²⁶⁶ Claudio Sessa, “‘Coei che non si deve amare: La rupia italiana in Somalia tra sperimentazione, fallimenti ed assimilazione monetaria (1910-1925)’, in *Una moneta per l’impero. pratiche monetarie, economia e società nell’Africa Orientale Italiana*, ed. Karin Pallaver and Gian Luca Podestà (Milan: FrancoAngeli, 2021, forthcoming).

²⁶⁷ Tuccimei, *La banca d’Italia in Africa*, 113–114.

²⁶⁸ Mwangi, ‘Of Coins and Conquest’. See section 1.2 for a brief account of the Italian monetary reforms in Somalia.

²⁶⁹ Claudio Sessa, ‘Coei che non si deve amare’.

²⁷⁰ Tuccimei, *La banca d’Italia in Africa*, 113.

²⁷¹ Rosaria Quartararo, ‘L’Italia e Lo Yemen. Uno Studio Sulla Politica Di Espansione Italiana Nel Mar Rosso (1923-1937)’, *Storia Contemporanea* 10, no. 4 (1979), 813.

²⁷² Zaccaria, ‘Agenzie Commerciali, Compagnie Di Navigazione e Näggadras’, 294–99.

²⁷³ Feinstein, Temin, and Toniolo, *The World Economy between the World Wars*, 135–36.

²⁷⁴ Podestà, *Il mito dell’Impero*, 231–33.

²⁷⁵ ASBI, Filiale Asmara, *Pratiche - Ramo banca 138, Gestione Talleri 1918 – 1922*, ‘Banca d’Italia, Gestione talleri: trimestre 1° luglio-30 settembre 1921, Governo dell’Eritrea, Direzione di Finanza a Gestione Talleri’, Asmara, 16 December 1921. The *Gestione Talleri* had been temporarily closed in 1918, see note 195.

the homeland was imposed in the newly founded Italian East African Empire, that the office of the *Gestione Talleri* of the Bank of Italy resumed its operations.²⁷⁶

In this chapter we have seen that, even without being directly involved in war operation, Eritrea too experienced the consequences of the First World War. The exceptional currency crisis that engulfed the region during the War, along with the greater attention the colonial government paid towards currency circulation, provides us with more documentation to rely on, so as to better understand how the local monetary system worked. In agreement with the views of Akinobu Kuroda, we have seen that the Maria Theresa thaler was essential for the steady functioning of regional trade. The fact that local prices were calculated in MTT highlights the degree of dependence of the Eritrean market on the connection with other regional markets. At the same time, we have seen how the MTT was necessary in allowing the transportation of goods between these markets. The Italians were aware of the crucial importance of the MTT for local markets, and this is the reason why they tried to avoid the outflow of silver coins from the beginning. However, in order to protect the value of the lira on local markets, they banned the use of the MTT; but in doing so they inadvertently risked isolating local markets even more. Those who still retained the ability to exploit regional connections by positioning themselves at the borders of these networks, were in a better position than those who received salaries in lire. Finally, new “devices” were introduced to face the monetary crisis, through the issuing of banknotes and, at the end of the War, a new silver thaler. While these instruments brought some relief to internal circulation, they were useless for the fuelling of inter-regional trade. At the same time, the opening of the agencies of the Bank of Italy offered the government of the colony new tools for attempting the regulation of the colonial monetary system. The political importance of the MTT was acknowledged by the Italians and used to acquire commercial and political influence in Ethiopia. Finally, the analysis of the reports of the agents of the Bank of Italy offers a better understanding of the broader circulation of the MTT, and of the role of Eritrea in the broader Red Sea economy.

²⁷⁶ ‘Ordinanza Governatore A.O.I., Repertorio n. 41’, Addis Ababa, 10 August 1936.

Conclusion

As we saw at the end of chapter 3, after the First World War a global economic crisis hit the countries that had struggled to readapt their productive systems from a war economy to a peacetime economy. At the outbreak of the War, the state expenditures of the belligerent countries were reallocated to military spending, subsidising those sectors that were necessary for the war effort, such as armament factories and chemical industries.¹ Labour, as well as capital, was shifted to military production. This provoked a reduction in trade and production of consumer goods. Countries like France, Belgium, Italy and Poland struggled to adjust their economies to the decrease of trade demand, as a result of the war effort.²

The end of the War was also characterised by the outbreak of a global influenza pandemic, which killed 2.4 million people in Africa.³ From 1924 to 1926 the world economy slowly recovered, and the gold standard was restored for most of the countries which had previously adopted it.⁴

Italy was back on the gold standard at the end of 1927, after the implementation of the monetary reform conceived by Minister Giuseppe Volpi and strongly desired by Mussolini; the aim was to get the lira at the price of 90 pounds.⁵ Previously, the lira's fluctuation exposed the Italian currency to speculation by Italian traders, who began to invest in imported goods.⁶ The Italian economy started to grow again between 1928 and 1929, but the 1929 global depression abruptly halted further recovery.⁷ In order to kick-start its economy after the depression, the United Kingdom left the gold standard and intervened with a devaluation policy that lowered interest rates and stimulated

¹ Charles H. Feinstein, Peter Temin, and Gianni Toniolo, *The World Economy between the World Wars* (Oxford and New York: Oxford University Press, 2008), 23.

² *Ibid.*, 25.

³ According to Richard Pankhurst, the influenza hit Ethiopia in two waves, as was the case in the rest of the world. Massimo Zaccaria gives an account of the impact of the influenza on the production of the Torrigiani factory in Asmara. See Richard Pankhurst, 'The Hedar Bäseta of 1918', *Journal of Ethiopian Studies* 13, no. 2 (1975): 103–31; Massimo Zaccaria, 'Feeding the War: Canned Meat Production in the Horn of Africa and the Italian Front', in *The First World War from Tripoli to Addis Ababa (1911-1924)*, ed. Shiferaw Bekele, Uoldelul Chelati Dirar, and Alessandro Volterra (Addis Ababa: Centre français des études éthiopiennes, 2018), 211–13.

⁴ Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System - Third Edition* (2019), 59.

⁵ Felice Guarneri, *Battaglie Economiche Tra Le Due Guerre* (Milan: Garzanti, 1953), 247–75.

⁶ *Ibid.*, 250.

⁷ *Ibid.*, 257–58.

investment.⁸ The pound started floating and the high rate of the lira turned out to be an overvaluation with respect to the pound and the other currencies on the gold standard.⁹ Instead of pursuing the devaluation of the lira, Mussolini tried to keep it on the gold standard by first lowering wages, and then introducing controls on capital movement to stop the outflow of gold. However, a recovery of the Italian economy after the 1929 crisis arrived only with the decision to invade Ethiopia, stimulating the economy through the war-related demand.¹⁰ Meanwhile, in Eritrea, the lira continued to depreciate against the MTT. The quotation of the silver coin expressed in lire on the market rose from 6.50 lire in April 1935 to 9.00 lire in August of the same year.¹¹ Finally, just before the start of the war operations in Ethiopia, after two failed attempts to introduce a “new” thaler in the colonies and three failed attempts to obtain a permit to mint the MTT in Italy, the Italian government had finally got a 25 year monopoly on the minting of the coin on 7 July 1935.¹² The acquisition of the monopoly for the minting of the MTT from Austria gave Mussolini some hope for controlling the price of the MTT. Between 1935 and 1939, the Mint of Rome produced 19,446,729 Maria Theresa thalers.¹³ During the invasion of Ethiopia, MTTs were used once again, in both funding the purchase of supplies for the troops, and financing a local uprising against the Emperor.¹⁴

After the end of the military operation for the invasion of Ethiopia and the proclamation of the Italian East African Empire (9 May 1936¹⁵), the Italians had to face the same problems regarding the local monetary circulation that they had tried to solve during their fifty years of rule in Eritrea. Using the MTT to finance their war operations, they had contributed to the already widespread circulation of the MTT in Ethiopia. Together with the MTT, subsidiary banknotes and coins in nickel and bronze

⁸ Feinstein, Temin and Toniolo, *The World Economy between the World Wars*, 135.

⁹ *Ibid.*, 154.

¹⁰ *Ibid.*, 155.

¹¹ Richard Pankhurst, ‘The Perpetuation of the Maria Theresa Dollar and Currency Problems in Italian-Occupied Ethiopia 1936-1941’, *Journal of Ethiopian Studies* 8, no. 2 (1970): 91.

¹² ASBI, ‘Studi, Pratiche, n. 523, fascicolo 1, p. 62. Copia. Accord entre le Gouvernement Federal d’Autriche et le Gouvernement Royal d’Italie’, Vienna, 9 July 1935.

¹³ Giuseppe Girola, ‘La circolazione del tallero e della lira in Etiopia durante l’occupazione italiana’, *Rivista Italiana di Numismatica* 111 (2010): 335.

¹⁴ Pankhurst, ‘The Perpetuation of the Maria Theresa Dollar’, 90.

¹⁵ ‘Regio Decreto Legge 9 maggio 1936 n. 754’.

issued by the Bank of Ethiopia also circulated.¹⁶ In order to try to control the monetary situation in the new territories, a decree was issued on 2 July 1936, extending the Italian monetary system to all the territories controlled by the Italians in Africa.¹⁷ The lira became the only legal tender, even though only the silver 10 lire and 20 lire coin were widely accepted.¹⁸ A decree issued by the General Governor of the Italian East Africa, Rodolfo Graziani, ordered that the Ethiopian banknotes should be exchanged before 31 October 1936, while the coins could circulate until 31 December 1936. The new regulations were also enforced with fines and detention.¹⁹ However, it soon became evident that it was not possible to get rid of the Ethiopian currencies quickly. Consequently, the date for demonetisation of the banknotes was extended until 31 December.²⁰

In order to assist the government in these tasks, the Bank of Italy started assuming the same role it had during the First World War.²¹ Only the Bank of Italy was authorised to exchange the Ethiopian banknotes and currencies, at a rate of 5 lire per thaler. While incentivising the exchange of the banknotes, this extremely low rate encouraged the smuggling of MTT out of Ethiopia to be sold in other markets, such as Aden, at better prices (the free exchange rate in Eritrea was at that time 11.5 lire).²²

The Italians soon surrendered to the necessity of keeping the parallel circulation of the MTT, as it was the only accepted currency in local trade. This was especially true in Ethiopia's remote areas, where the Italians did not exert a real military or political control. Given the necessity of the MTT for the local commerce, the Bank of Italy was also authorised to "sell" thalers for lire, up to a maximum number of 50 thalers at a time.²³ The thaler's official exchange rate had to be periodically fixed by

¹⁶ Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 93.

¹⁷ 'Regio Decreto Legge 2 Luglio 1936, n.1371'; Arnaldo Mauri, *Il mercato del credito in Etiopia*, (Milano: Giuffrè, 1967), 204.

¹⁸ Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 93.

¹⁹ 'Governatore Generale dell'AOI, n.41 di Repertorio', Addis Ababa, 10 August 1936.

²⁰ Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 106.

²¹ These operations were carried out by the Bank of Rome in regions like Galla and Sidama, where there were no branches of the Bank of Italy open. See Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 98.

²² Girola, 'La circolazione del tallero e della lira in Etiopia durante l'occupazione italiana', 337, 339.

²³ The quantity of thalers that could be bought by the Italians or colonial subjects was further reduced, until the limits were set to 15 MTT for indigenous subjects and 10 MTT for Italian citizens in 1937. See Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 97–99.

the regional governments that composed the Italian East African Empire.²⁴ Thus, until February 1937 when a unique price was fixed, there was a different exchange rate for the MMT to the lira in every different region of the empire.²⁵ However, this quotation was always at least 20% lower than the actual MTT value on the market.²⁶ The Italian regulations provoked the diversion of some trade sources, as had already happened during the First World War. Some peasants stopped to bring products to the markets controlled by the Italians, where they could only get MTT through incurring high financial losses.²⁷

As had already happened during the First World War, Italian monetary policies somehow aided speculative operations. As we have seen, the devalued official quotation of the MTT fostered the smuggling of silver thalers over the borders, in order to sell them at the market of Aden. According to Pankhurst, the export of lire banknotes was also operated by big European firms, on behalf of Yemenite and Hadrami labourers wishing to send remittances and exchange the lire for MTT in the Arabic Peninsula.²⁸ From the study of the proceedings of the trials for currency offences, held at the archive of the Bank of Italy, it is possible to assess the existence of complex networks of smugglers and money-changers connecting the two shores of the Red Sea, and dealing in MTT, lire and pounds sterling.²⁹

In order to avoid this form of smuggling, some measures were undertaken by the Italian authorities. A fund at the bank branch of Massawa was established for the exchange in MTT of the Yemenite and Hadrami labourers' earnings in lire, in order to allow them to bring the MTT to their countries of

²⁴ After the proclamation of Italian East Africa (which was made by the Colony of Eritrea, Italian Somalia and the Ethiopian Empire), it was divided into five administrative regions: Eritrea, Amara, Harar, Galla and Sidama, and Somalia; plus the Governorate of Addis Ababa. See Consociazione Turistica Italiana, *Guida Dell'Africa Orientale Italiana* (Milan, 1938), 33.

²⁵ Mauri, *Il mercato del credito in Etiopia*, 205.

²⁶ The official quotation of the MTT rose as high as 13.50 lire in June 1937; Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 101–2.

²⁷ *Ibid.*, 101.

²⁸ *Ibid.*, 109.

²⁹ See for example ASBI, '117 talleri di Maria Teresa, Regia Guardia di Finanza del Governo dell'Eritrea-Asmara, Processo di Verbale di denuncia per infrazioni valutarie, Salem Ahmed Ali, Mohamed Wurai', 18 May 1940.

origin.³⁰ Italian firms operating in Italian East Africa, as well as the Italian Government, needed a steady supply of labourers, the latter for the ongoing infrastructural works in the empire's newly acquired territories. The possibility of earning wages in MTT was also an incentive for the recruitment of labour force from the Arabic Peninsula. For these reasons, the same measures were also taken for the Yemenite *ascaris*. Before obtaining the authorisation to export MTT, they had to present the records of the earned sums.³¹

As the MTT continued to appreciate with respect to the lira, especially after its devaluation in October 1936, it proved once again to be more stable than the European currencies. This allowed those who were saving in MTT to increase their wealth.³² At that time, some people also described the situation as if there were two different markets, one where the prices were fixed in lira and the other in MTT, with the price of the goods fluctuating without any relationship.³³

In order to try to solve this situation, the Italians finally decided to demonetise the MTT, suspending the exchange rate of the MTT with the lira, and leaving the thaler free to float, on 5 January 1938.³⁴ Regional commissions continued to regulate the price of the MTT according to that of the international price of silver, to allow commercial companies to use thalers to buy goods in the inland.³⁵

Finally, as we have seen, also lire banknotes were smuggled across the borders in order to exchange them for thalers in Aden. A solution to this problem was sought in the issuing of special banknotes for the African territories, in order to uncouple the local circulation with that of the homeland, and to try and control it. However, this solution was never applied in Ethiopia, because of the outbreak of the Second World War and, according to some authors, to not provoke discontent

³⁰ ASBI, 'Filiale Asmara, Pratiche – Ramo Banca, 107 Gestione talleri, Direttore della Banca d'Italia filiale di Asmara a Governatore della Banca d'Italia', 15 November 1937; ASBI, '109 Gestione talleri. Capo della filiale di Assab a Direttore della Filiale di Asmara. Assab', 29 March 1938.

³¹ ASBI, 'Filiale Asmara, Pratiche – Ramo Banca, 109 Gestione talleri, Governo dell'Eritrea, Direzione Affari Economici e Finanziari a Direzione Banca d'Italia di Asmara', 24 August 1938.

³² Pankhurst, 'The Perpetuation of the Maria Theresa Dollar', 100.

³³ *Ibid.*, 105.

³⁴ *Ibid.*, 112; Girola, 'La circolazione del tallero e della lira in Etiopia durante l'occupazione italiana', 343.

³⁵ Mauri, *Il mercato del credito in Etiopia*, 206; Girola, 'La circolazione del tallero e della lira in Etiopia durante l'occupazione italiana', 344.

among the traders in Ethiopia.³⁶

Another form of speculation was represented by the import of MTT coined in other European mints. These mints were able to produce thalers at a lower price, allowing some traders to buy goods on the Ethiopian markets with less expensive thalers.³⁷ France, Belgium and Great Britain started producing their own thalers because they could not buy them from Austria anymore (as a consequence of the agreement between Austria and Italy), and they did not want to buy them from Italy. According to these countries, Austria's exclusive right to mint the MTT had been surrendered with the transfer of the issuing rights to Italy.³⁸ The Brussels mint produced about 10 million thalers in order to trade with the Arabic Peninsula.³⁹ However, it was Britain that produced the highest number of MTT. After the outbreak of the Second World War, MTTs were strategically employed by Britain to finance the war efforts in Ethiopia and local resistance against the Italians.⁴⁰ The bulk of the production came from the Calcutta and Bombay mints, which produced 16,344,523 MTT in 1941 alone. The production of the MTT in India guaranteed a steadier and safer supply of the currency to Aden, as the route from England through the Suez Canal was impracticable due to war operations.⁴¹

When the Italians were defeated, the British had to face similar monetary problems. On 7 April 1941, after the British entered Addis Abäba, they issued a decree declaring that the MTT, the Egyptian pound and the East African shilling were the only legal tender in the former Italian territories. The circulation of the lira was not accepted for official payments, but fixed exchange rates with the other currencies were set on 24 April 1941, and the British soon realised that they could not get rid of Italian lira soon, especially in Eritrea, where the circulation of Italian small change took hold after more than

³⁶ Mauri, *Il mercato del credito in Etiopia*, 208 note 32; Ercole Tuccimei, *La banca d'Italia in Africa: introduzione all'attività dell'Istituto di emissione nelle colonie dall'età crisipina alla Seconda Guerra Mondiale* (Bari: Laterza, 1999), 233–34.

³⁷ Mauri, *Il mercato del credito in Etiopia*, 206 note 28.

³⁸ Akinobu Kuroda, 'The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets', *Financial History Review* 14, no. 1 (2007): 95.

³⁹ Girola, 'La circolazione del tallero e della lira in Etiopia durante l'occupazione italiana', 343.

⁴⁰ National Archives (NA), Foreign Office (FO), '371 27 513 Funds for Abyssinian campaign, supply of Maria Teresa dollars. 16. Secret. G.H. Thompson to the secretary of the Treasury'.

⁴¹ National Archives (NA), Foreign Office (FO) 371 27 513 Funds for Abyssinian campaign, supply of Maria Teresa dollars. 4. Secret cipher telegram from War Office to C.-in-C. Middle-East'.

fifty-six years of Italian colonial occupation.⁴² Even if the circulating currencies changed, a multiple currency system persisted.

Despite the defeat in East Africa in 1941, the Italian government was still involved in the monetary issues of the Horn of Africa. During the Italian administration of the Trust Territory of Somaliland (*Amministrazione fiduciaria italiana della Somalia*, AFIS), started in 1950, the Bank of Italy took part in a feasibility study for the introduction of the “Somalo”, a new currency which replaced (at par) the East African Shilling which had been introduced with the British occupation. After the end of the AFIS in 1962, the Somalo was finally replaced with the Somali shilling, the official currency of Somalia.⁴³

At the end of the 1950s, the Maria Theresa thaler suddenly reappeared in Italian official correspondence.⁴⁴ Some specimens of counterfeit thalers had been found, bringing back to the memory the agreement that Austria and Italy had signed for the concession of the minting rights twenty years before.⁴⁵ Since Italy had lost its empire, the Italians did not need its most widespread silver coin anymore, and the Austrian government asked for the restitution of the dies.⁴⁶ As a result of this event, the agents of the branches of the Bank of Italy in Asmara and Mogadishu wrote reports and memoranda to revive the lost memory of these institutions, stating that the silver coin of the Red Sea had not yet completely disappeared. The local jewellers in Eritrea still managed to buy thalers at 1.70 to 2.00 Ethiopian bərrr; in Yemen, MTT remained legal tender; and the fact that it was still

⁴² Girola, ‘La circolazione del tallero e della lira in Etiopia durante l’occupazione italiana’, 348.

⁴³ An analysis of the dynamics involved in the introduction of the Somalo can be found in Donatella Strangio, ‘Pratiche monetarie e decolonizzazione in Somalia. Il conto di gestione valutaria e il clearing italo-somalo (194-1952)’, in *Una moneta per l’impero. Pratiche monetarie, economia e società nell’Africa Orientale Italiana*, ed. Karin Pallaver and Gian Luca Podestà (Milan: FrancoAngeli, 2021, forthcoming).

⁴⁴ ASBI, ‘Studi pratiche, n. 540, fascicolo 2, p. 27, Personale, Palamenghi-Crispi a Consigliere commerciale Ambasciata d’Italia in Vienna’, Rome, 13 October 1956.

⁴⁵ ASBI, ‘Studi, pratiche, n. 523, fascicolo 1, p. 61. Ministero degli Affari Esteri. Accordo Italo-Austriaco relativo ai diritti di coniazione del tallero di Maria Teresa del 7.7.1935’, Rome, 19 October 1955.

⁴⁶ ASBI, ‘Studi, pratiche, n. 523, fascicolo 1, p. 61. Ministero degli Affari Esteri. Accordo Italo-Austriaco relativo ai diritti di coniazione del tallero di Maria Teresa del 7.7.1935’, Rome, 19 October 1955. The dies were finally given back to Austria in 1961, at the end of the planned 25-year period. For more, see Girola, ‘La circolazione del tallero e della lira in Etiopia durante l’occupazione italiana’, 335.

accepted as a means of exchange in Ethiopia's inland could not be ruled out.⁴⁷ “Scrapping the anachronism” of the Maria Theresa thaler, as envisioned by the British Secretary of the Treasury Ernest Rowe-Dutton in 1941, proved to be difficult for the British too.⁴⁸ As long as a particular kind of money played its complementary role in a multiple currency system, its replacement could not be fulfilled by the simple imposition of a rule. This was especially true if this money, as we have seen, did not have any issuing ruler.

The aim of this thesis was to give a compositional picture of the Eritrean monetary system during the period of Italian colonialism. My analysis has gone in two directions. On the one hand, money became an analytical tool through which one could analyse different aspects of Italian colonialism in Eritrea, such as the construction of “colonial knowledge”, the introduction of military wage labour, the opening of European credit institutions, and the implementation of new monetary policies during the First World War. On the other hand, this approach has allowed for the answering of more general questions about the impact of colonial monetary policies on Eritrean society.

This analysis painted a picture of a monetary system that went through different “transitional” phases, without losing its features of multiplicity and complementarity among the different monetary devices, and its connectedness with a regional dimension beyond colonial political borders. This approach allowed me to highlight the complexity at work in the history of the Eritrean monetary system, showing that it was not the result of a mere imposition of a colonial order on a blank space.

In the first chapter, I analysed the models and discourses circulating among the colonial administrators and “experts” working on the “monetary problem”. This unveiled the process of construction of a “colonial knowledge”, as well as the policies that this knowledge was meant to inform. Also highlighted was how these policies were simultaneously influenced by historical events,

⁴⁷ ASBI, ‘Studi, pratiche, n. 540 fascicolo 2, p. 31, Risposta alla lettera n. 91598 del 3 settembre 1956. Ufficio Movimento Fondi. Servizio Segretariato Generale. Il Capo della Delegazione di Asmara al Governatore’, Asmara, 21 September 1956; ASBI, ‘Studi, pratiche, n. 540, fascicolo 2, p. 33, Risposta alla lettera 91599 del 3 settembre 1956. Ufficio Segretariato Generale. Segreteria Movimento Fondi. Il direttore della filiale di Mogadiscio al Governatore’, Mogadishu, 26 September 1956.

⁴⁸ TNA FO 371/27513, ‘Funds for Abyssinian campaign – funds for Emperor – supply of Maria Theresa dollars 1941, f. 233, note from Rowe-Dutton, 1st May 1941’. See chapter 1, p. 79.

the personal background experiences of the administrators, and the adoption of widely circulating ideas. For example, we have seen how Giovanni Carboneri, in his essay on the “monetary problem” in Eritrea, referred to the ideas circulating among the experts of the *Institut Colonial Internationale*, that in turn had used the Italian colony of Eritrea as a case study for the design of the right “monetary system” for the colonies. Carboneri’s proposal of a “mixed” monetary system, where a “commodity currency” circulated together with other fiduciary currencies to facilitate the transition to a fiat monetary system, was finally adopted for the project of the *tallero d’Italia*. In designing the new silver coin, the archaeologist Lucio Mariani drew on the ancient Roman tradition of the personification of the “nation” on the coin, with the intent “to claim [...] respect for [Italy’s] financial and moral power in the Red Sea”, after the “mutilated victory” of the First World War.⁴⁹

We have seen how the primary aim to preserve the prosperity of trade with the maintenance of a multiple currency system, gave way to the growing necessity for the Italians to reduce transaction costs by issuing their own currency. When their first attempt failed, a growing body of cultural analysis started to fill the pages of colonial publications, ascribing the failure not only to “technical” mistakes (like the quantity of fine silver contained in a coin, or the assignment of a fixed value) but also to cultural reasons. Subsequent analyses focused on the “cultural level of the colony”⁵⁰ and the necessity to develop new tools, more suited for monetary systems of “old civilisations”.⁵¹ The First World War finally contributed to stressing the political importance of issuing a currency for the colonies, especially when the Maria Teresa thaler was a currency issued by the former enemy. In both official reports and publications of the time, the idea was spread that money could be a “spring for political influence”,⁵² and the building of a colonial monetary system “an act of true and final colonial conquest”.⁵³

⁴⁹ Mariani, *Il nuovo tallero italiano*, Tipografia dell’Unione Editrice (Roma, 1918), 4.

⁵⁰ Giovanni Carboneri, *Il tallero di Maria Teresa e la questione monetaria della Colonia Eritrea*, Tipografia Nazionale di G. Bertero e C. (Rome, 1912), 24.

⁵¹ Carlo Rossetti, *Il regime monetario delle colonie italiane* (Rome: Tipografia dell’Unione Editrice, 1914), 10.

⁵² Lucio Mariani, *Il nuovo tallero italiano*, 4.

⁵³ ASDMAE, AE, pacco 51, ‘Industria commercio moneta 1886-1924, Commissariato Regionale di Massaua a Governo della Colonia Eritrea’, 30 July 1916.

In the second chapter, we investigated those cultural prejudices about the indigenous people's supposed ineptitude in managing money, as they emerged from discussions about introducing some kind of subsidies and other limited social welfare measures for the indigenous veterans of the Italian colonial corps. According to the then-Italian Minister of War, Luigi Pelloux, the issuing of a "pension" would have served to attract more youths to enrol in the colonial army, who would be further convinced by the good standard of living of the veterans once they returned to their villages. However, according to General Oreste Baratieri, it would have also incentivised idleness, because the retired soldiers would not invest a steady income in productive activities like building a *tukul* and buying livestock. The personal experiences of the veterans injured during the First Italo-Ethiopian War show instead that they preferred to refuse the pension and convert their bonuses into land and cattle. Environmental crises would push them to resort to the colonial government to find a temporary source of income. However, when conditions improved, they then decided to store their wealth through more convenient instruments according to the local regime of value. Clearly, the local regime of value was not automatically changed by colonial monetary policies, and the former *ascaris* expressed their preference for different ways of storing value by converting their bonuses into cattle and land investments as soon as they could. Overall, this meant that the introduction of wage labour and monetary subsidies did not produce a swift change in prevalent local labour relations and in local strategies to store wealth.

Chapter 3 dealt with the existence of credit instruments preceding the Italian occupation, and the first Italian bank branch's opening. These systems did not only facilitate local commerce, as we have seen in the case of the debt disputes in the market of Asmara, but also European agents who needed liquidity to trade in the colony. Indian merchants, through their family and commercial relationships and the deep knowledge of the functioning of the Indian Ocean currency system, took advantage of the supply of credit to European firms and local pearl fishing enterprises, working as agents of Indian companies and British banks. New devices introduced by the colonial administration allowed a more rapid transfer of money (as in the case of money orders), or the supply of a means of exchange in

times of shortage, like banknotes. However, these new monetary tools did not have the same degree of flexibility as the “local” monetary system. European firms continued to use the financial services of the Indian merchants until the opening of the banks and other European credit institutions. The banknotes and Italian coins were not backed by those guarantees that characterised financial devices in the homeland, such as issuing bodies guaranteeing their exchangeability. The Eritrean monetary system’s functioning and its resilience became clearer to the Italians from the First World War. Even if the territory of Eritrea was not directly involved in fighting during the War, local monetary circulation was seriously hit by a currency shortage produced by a combination of multiple local and global factors. The need for precious metals for the war effort produced a rise in the international price of silver, the Vienna mint stopped producing new thalers, and blockades prevented the shipments of new supply. At the same time, the scarcity of MTT induced the government to implement strict control measures on local monetary circulation, which pushed Eritreans to hoard MTTs, thus accelerating their disappearance from circulation. The high price of silver, on the other hand, allowed Indian merchants to exploit once again their networks to smuggle thalers out of the colony and send them to Bombay, where they could be sold at a good profit margin. The worst hit by the situation were those who were bound to the Italian monetary system, such as wage labourers and, especially, indigenous soldiers who were paid in lire. As it was the means of exchange for the inter-regional caravan trade, goods in Eritrean markets continued to be valued in MTT, whose exchange rate continued to rise compared to the lira. In turn, the purchasing power of the lira became lower and lower. The new tools implemented by the Italian government to attempt controlling the local monetary system, such as the opening of the *Gestione Talleri* office, served to produce a broader view of the circulation of the MTT, and acknowledgement of its capacity to connect local markets to transnational networks. The monopoly of the *Gestione Talleri* in the exchange of MTT during the War allowed the office of the Bank of Italy to trace a portion of the thalers circulating in the colony and in its inter-regional trade. For example, the caravan traders (*näggade*) bringing foodstuffs from Ethiopia needed to be paid in MTT in order to pay fees on their way back to their homeland. Reports were produced by the agents of the bank, showing how the MTT was necessary for the purchase of

specific products such as *dura*, on both shores of the Red Sea. These reports also showed how a short supply of grains in the Arabic Peninsula could be at the base of a surge of thalers reaching the western coast of the Red Sea, in order to procure foodstuffs. At the same time, due to the international price of silver, Indian merchants could export MTT to Bombay either to sell them to the mints, or to take part in the pearl trade in the Persian Gulf.

The thematic approach adopted in this thesis has left some questions out of the picture. A part of the story that has not been fully covered by this work regards the decision to extend the Italian monetary system to the whole empire after 1936, and the impact of this decision on local trade, mobility and currency circulation in a regional perspective. A topic that deserves to be explored is the increase of wage labour in the colony during the fascist period, even beyond the *ascaris*, investigating other categories of labourer working for the colonial administration and private companies. Taxation during the Italian colonial period in Eritrea and the other colonies is also a relevant theme in relation to its influence on the local acceptance of colonial currencies. Taken alongside local cycles of production, this aspect would allow us to better assess the degree of regional integration of local Eritrean economy, despite and because of the Italian colonial policies, through the analysis of seasonality in the supply and quotation of the Maria Teresa thalers. The qualitative and quantitative data collected by the agents of the Bank of Italy are a source that can be further exploited to carry out these analyses.

Still, the findings presented in this dissertation allow for more general considerations. The evidence provided here confirms Akinobu Kuroda's proposal about the complementarity of currencies in a multiple-currency system.⁵⁴ While the introduction of banknotes and small denomination lira coins may have supported local circulation during the First World War, the MTT was necessary to allow the transregional trade system to keep functioning. For this reason, any attempted substitution of the MTT by a single European power in the Red Sea was bound to fail. As

⁵⁴ Kuroda, 'The Maria Theresa Dollar in the Early Twentieth-Century Red Sea Region: A Complementary Interface between Multiple Markets'; Akinobu Kuroda, 'What is the Complementarity among Monies? An Introductory Note', *Financial History Review* 15, no. 1 (2008): 7–15; Akinobu Kuroda, *A Global History of Money* (London: Routledge, 2020).

stressed by Kuroda,⁵⁵ and previously showed by Eric Helleiner,⁵⁶ the idea of a single “national” (or colonial) currency is a “recent” historical product. The success of a monetary system depends on different external and internal factors that are historically determined and that are strictly related to local practices and regimes of value. Natalie Swanepoel showed that the success of a new currency in colonial Ghana depended on a “positive network effect”.⁵⁷ In the case of Eritrea during Italian colonial period, the success of the MTT was guaranteed by a series of “network externalities” that made the silver coin an essential device for the functioning of inter-regional and transregional trade. At the same time, in order to guarantee the success of a new currency, local factors should also be taken into account. One of the reasons that led to the failure of the *tallero eritreo* was the fact that there was no way for Eritreans to “officially” exchange that coin with the lira. Therefore, there was no way to “connect” its circulation to that of an international “trade money” based on the gold standard, such as the British pound. While artificially pegging it to the lira, the Italians were delegitimising the new coin by not facilitating this conversion. Hence, the Eritreans did not trust a coin that contained less silver than the MTT, being more expensive and not freely exchangeable. For a currency to be accepted locally, it should not only be recognised as a valid “means of exchange”, but it should also be a trustable store of value.⁵⁸ All these factors made the colonial subjects distrust the new currency as a store of value. “Infrastructural support” was another element determining the success of a currency.⁵⁹ Like the difficulties in converting the *tallero eritreo* in the Italian national currency, the lack of banks and credit institutions hampered the spreading of “alternative” monetary devices (such as banknotes). Instead, for the *tallero d’Italia* its scarcity was one of the elements that produced its failure.

The circulation of the MTT still represents a rich subject for further analysis and even theoretical considerations. The history of its success proves to be problematic for a dualistic representation of

⁵⁵ Kuroda, *A Global History of Money*, 13.

⁵⁶ Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective* (Ithaca and London: Cornell University Press, 2003).

⁵⁷ Natalie Swanepoel, ‘Small Change: Cowries, Coins and the Currency Transition in the Northern Territories of Colonial Ghana’, *Materializing Colonial Encounters. Archaeologies of African Experience*, ed. F Richard (2015), 43.

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*, 44.

money, that Keith Hart calls “the two sides of the coin”: currency as both a device issued by a political power (such as the state), representing “a relation between persons in society”, and “a thing, capable of entering into definite relations with other things, as a quantitative ratio”.⁶⁰ In the case of the Maria Theresa thaler, the issuing political power had become only the “producer” of a commodity, since it officially became a “trade currency” and continued to be sold to traders after the Empress Maria Theresa’s death in 1780.⁶¹ It is ironic that a coin that started circulating independently of its original issuer, first came about at a time when philosophical discussions around the concept of nation-state were spreading in Europe.⁶² At the same time, it is worth noting that Hart’s picture of the double-sided coin was produced at a moment when most international currencies had abandoned any attempt to pursue a “logic setting of values”⁶³, and started to be traded as commodities with a free-floating value. These few elements show that the Maria Theresa thaler is a significant tool in thinking about broader questions regarding the role of money in contemporary world, the idea of nation-state, and the concept of “modernity”.

⁶⁰ Keith Hart, ‘Heads or Tails? Two Sides of the Coin’, *Man* 21, no. 4 (1986): 638.

⁶¹ Adrian E. Tschoegl, ‘Maria Theresa’s Thaler: A Case of International Money’, *Eastern Economic Journal* 27, no. 4 (2001): 445.

⁶² Erica Benner, ‘The Nation-State’, in *The Cambridge History of Philosophy in the Nineteenth Century (1790–1870)*, ed. Allen W. Wood and Songsuk Susan Hahn (Cambridge: Cambridge University Press, 2012), 699–730.

⁶³ Mariani, *Il Nuovo Tallero Italiano*, 3.

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