COMMISSION OF ENQUIRY IN ALBANIA.

Note by the Secretary-General.

In continuation of Council Document No. 772, M. 472, 1922 VII of the 19th December 1922. The attached report by Professor Sederholm is circulated for the consideration of the Council and the information of the Members of the League.

COMMISSION OF ENQUIRY IN ALBANIA:

REPORT OF ACTIVITIES FROM JUNE TO 18TH DECEMBER 1922.

According to the decision of the Council at its Meeting in May 1922, only one Member, the Undersigned, and one Secretary were to be retained in the Commission.

The Secretary of the Commission Count K. de Poulalé having found it impossible, for private reasons, to continue the task which he had performed with so much ability, his place was taken on 30th June by Count Frédéric Molthe (Denmark).

On 12th June the Commission left Geneva and arrived, after a short visit to Rome, at Tirana on 21st June.

THE DISPUTE OVER THE POST OFFICE BETWEEN ITALY AND ALBANIA.

At that time a dispute between Italy and Albania over the Italian Post Office in Durazzo was going on, which caused an interruption in the transmission of mails and telegrams from Italy and which lasted several weeks. During this time the Commission except for a short visit to Scutari remained in Tirana, offering its good offices to the Albanian Government as to mediation and advice.

The cause of the dispute was as follows:

When the Italian Government replaced the military Post Office at Durazzo, which had existed since the war, with a civil Italian Post Office, the Albanian Government objected to that action which they regarded as an infringement of the
Sovereignty of Albania, and the Acting Prefect of Durazzo had the Royal Italian Coat-of-Arms removed from the house where the civil post was lodged. At one moment relations were rather strained, but thanks to the conciliatory spirit displayed on both sides it was possible to arrive at a solution which gave full satisfaction to Italy, while at the same time negotiations began which promise shortly to lead to the result that Albania will take over all postal traffic within her borders.

**THE PROPOSED ENQUIRY IN SOUTHERN ALBANIA.**

When that question had been settled and postal and telegraphic communications were again restored, the Commission wished to start an enquiry into the conditions in Southern Albania for the special purpose of trying to eliminate all causes of discord between Albania and Greece which might still exist.

In July this year Greece recognised the independence of Albania, although with a reservation concerning the delimitation of the boundaries. This however was a matter for the Conference of Ambassadors which had sent a Commission to carry out the delimitation on the spot.

The nomination of a Greek Diplomatic Representative in Albania was also reported to have taken place, but seems later to have been cancelled from considerations of economy. Thus far also there is no Albanian Diplomatic Representative in Athens.

The Greek Government has only reluctantly, and under protest, taken part in the work of the Boundary Commission, and that has made it impossible for it to delimitate the boundary between Greece and the former Turkish Kazas of Koritzo belonging to Albania, before the winter set in thus hindering the continuation of the wor
The neutral zone which at the suggestion of the present Commission, should be formed between Greece and Albania, has not yet been evacuated by the Greek and Albanian troops, and, as it would be dangerous to create here, in the difficult conditions existing in the Balkans at present, a district under no sovereignty, it seems better that it should be allowed to remain as it is for the time being.

Although having recognised the full independence of Albania, the Greek Government has still tried, although in vain, through their Representative on the Boundary Commission, to bring the Corfu Agreement of May 1914, which would largely encroach upon the Sovereignty of the Albanian Government in Southern Albania, into operation again. Moreover the Greeks have repeatedly complained of certain acts on the part of the Albanian authorities which they regard as an infringement of the Albanian law concerning the protection of the minorities. They maintain their earlier assertions that the Albanians have, in their endeavour to form an autocephalous Orthodox Church, used violence against Greek clergy and their followers, that the closing of the Greek schools in the region in question, has been at variance with the law mentioned, and that, in general, the Greek or Hellenophile orthodox population in the South has been in many ways persecuted by the Albanian authorities.

The Pan-Epirotic Unions, both in Greece and in North America, continue to protest against the decisions by which the region which they call Northern Epirus has been given over to Albania, and also vehemently protest against statements in the Reports of the League of Nations Commission.

The earlier enquiry of the Commission into these questions was made during a short stay in Koritsa in January of this year, but there was no opportunity to study in more detail these difficult and intricate problems. A proposed visit to the region of Argyrocastro was hindered by adverse climatic
conditions and want of time.

These disputes as long as they remain unsettled, may be of a nature to disturb the good neighbourly relations between Greece and Albania. On the other hand there appears to be no conflict of vital interests between them. By removing all minor causes of disagreement it seems possible to lay a firm foundation for a lasting future friendship.

In order to make this enquiry more thorough and to become familiar also with the Greek point of view, the Commission thought it necessary to visit Athens, in accordance with an invitation which had been graciously extended to it by the Greek Government. On the point of departure for Athens, however, the Undersigned member of the Commission fell sick with fever, and it became therefore necessary for the Secretary, Count Moltke, to go alone which he did, leaving Albania on 5th August and returning on 22nd August /22. Although the proposed enquiry concerns interior Albanian affairs, nevertheless their bearing upon international relations rendered it desirable also to discuss them with the Greek Government.

In Athens Count Moltke was received in a very courteous manner by the Greek Government, who declared themselves entirely in favour of the proposed enquiry and its scope, and also of their readiness at the suggestion of the Commission, to send a Greek delegate to take part in the enquiry, as an observer and as an advocate of the Greek point of view. A few weeks later, 20th September, a prominent Greek official M. Casanges, came to Tirana for that purpose.

Later, however, the political situation changed and rendered it impossible to make the enquiry in the way proposed. Although the Albanian Premier, at the same time also Minister of Foreign Affairs, had declared himself previously entirely in favour of
this plan, the Albanian Government later thought it impossible, in the face of the growing agitation in the Balkans, to allow the presence of a Greek observer within the borders of Albania. On the other hand also, the Governmental crisis in Greece made it difficult for M. Casanges to begin the task proposed, having lost political support in Athens. He therefore felt obliged to return to Greece, and the enquiry was postponed.

A short time before the arrival of M. Casanges, the Undersigned had been forced by reiterated attacks of fever, to return on the 30th August, to Central Europe, where a prolonged rest was found necessary. During this absence Count Moltke alone represented the League in Albania, till 11th November, when the Undersigned again returned to Albania.

Now Count Moltke has been obliged for private reasons, to return home, leaving Tirana on 6th December, and he cannot return before February.

The Undersigned, however, thinks it important that the proposed enquiry be made as soon as possible lest fresh hindrances arise and he will therefore endeavour to do it alone as thoroughly and impartially as possible. It now seems feasible, moreover, since the Commission has established relations with all the different parties in Albania to get the clue of the political problems in the South without the aid of any Greek observer.

The Commission anyhow thought it necessary, before changing the plan of the enquiry to discuss the matter once more with the Greek Government, for which purpose Count Moltke visited Athens, again leaving Tirana 18th November. He returned again soon, however, arriving at Tirana 29th November, because the turbulent conditions in Athens made it impossible for him to arrive at any result during the time at his disposal.
Before, however, the Commission has been able to undertake its enquiry, one of the questions under dispute between the Greeks and Albanians has reached a satisfactory solution.

The Congress of representatives of the Orthodox congregations of Albania, held at Berat in August last, having decided to form an autocephalous Albanian church, applied to the Patriarchate in Constantinople for its consent to that proposal, which was readily given. The Patriarchate later sent an Exarch to arrange the practical details connected with the separation. Thus the danger of a schism has been averted.

THE ECONOMIC SITUATION OF ALBANIA AND THE MEASURES PROPOSED FOR IMPROVING IT.

In the same measure as the security of Albania against attacks from without begins to be established, especially through the aid given to her by the League of Nations and the Conference of Ambassadors, the economical problems of Albania become of paramount interest, the more so because they are also closely inter-related with the political questions. All representative Albanian politicians seem to agree that the political administration of the Country cannot be strengthened and stabilised before re-organising its economic system.

At one time some of those politicians placed much hope in the possibility of obtaining a foreign loan which would enable them to make up the existing deficit in the budget and to begin some constructive work.

Negotiations had been going on with certain foreign banks which had approached the Albanian Government with proposals for the formation of a National Bank and the granting of a loan originally a considerable amount. But these proposals were so intricately interwoven with stipulations necessitating the Albanian Government taking up a large number of shares in the bank, thereby repaying a
The part of the loan, and granting concessions to the promoters of the company, that the economic experts who were consulted found these proposals involved considerable risk, while offering very little substantial gain. The financial expert sent out by the Financial and Economic Committee, as well as the present Commission therefore all strongly advised the Albanian Government not to listen to these proposals, and the Government acted accordingly.

Also at the Conference of Genoa and on other occasions the Albanian Government has expressed the urgent need of the country for an external loan. The Government has also requested the Commission to ask the League of Nations to assist Albania to obtain the desired loan, declaring itself willing to submit to any control the League may decide upon.

No doubt a foreign loan, if received on satisfactory conditions and properly used, would be a great boon to Albania, but it seems more and more clear that the endeavour to improve the economic status of the Country ought to begin with a reform of its internal economy and administrative organisation.

A loan will only be a palliative of short duration, as long as the trade of the Country remains in its present state. The balance of trade is extremely unfavourable, and the existing deficit is not, as in many other countries, compensated for by any considerable revenue from sources not visible in the commercial statistics. On the contrary, it is probable that the balance is even more unfavourable than shown by these statistics, because of the smuggling going on, both of goods imported and of cash exported. There is no income from freights and very little from capital invested abroad, and as to the money sent home by Albanians abroad, almost exclusively to Southern Albania, the Undersigned thinks it rather improbable that it exceeds a couple of million gold francs.
Even if calculated on the most optimistic basis, the yearly excess of the value of imports over that of exports is scarcely less than seven to ten million gold francs, which is substantiated by the statistics of the export of cash.

This economic hemorrhage can hardly be remedied by any transfusion of money, i.e., by a loan, not by any ingenious financial device.

The creation of a National Bank would alleviate the evil, but not cure it; even if some of the cash could be retained in the Country, its financial position would deteriorate each year by the same amount, as long as the balance of trade is so unfavourable.

Obviously the foundation of a National Bank would for other reasons be of very great importance, viz., for stimulating and regulating economic and commercial enterprise. But for the calamitous conditions caused by the great disproportion between imports and exports there is only one remedy - increased production.

The indubitable resources of Albania, before everything consisting of good soil, to a large extent as yet uncultivated, ought to be effectively developed; its administration made cheaper and more efficient; its education developed; its industry created; its communications improved and its sanitary and health conditions put on a proper basis.

The Undersigned specially desires to emphasise the urgent need of the reform of the sanitary conditions. As long as those remain as bad as they are at present in Lower Albania, where especially in summer and autumn tropical malaria ravages the people, causing a number of deaths and still more numerous cases of long continued ill-health, it will not be possible to raise the labouring classes out of their present lethargy, not to induce a greater number of enterprising foreigners to settle in Albania.

Even the political and administrative work suffers very much from the climatic and sanitary conditions, as the present
The Commission has learnt by their own experience. A reform of these adverse conditions would, however, not be impossible, if the aid of foreign specialists and funds could be solicited, and the work started with some energy by the Albanians themselves.

For the creative work which lies before her, Albania has strongly urged that experts should be sent to her by the League of Nations, with whose aid the reforms required for the better administration and economic development of the Country should be studied. A favourable answer to this request was one of the recommendations of the present Commission in their general report.

Approving of this proposal, the Council, at its meeting in May 1922, requested the Financial Committee to submit to the Council a list of candidates for the post of Financial Adviser to the Albanian Government.

As will have been seen from what has been stated in the foregoing, the duties of that Adviser should not only be those of a financial, but also of an administrative expert, and therefore a man of exceptional ability is needed. However urgent may be Albania's need of that man, it is still more important to find one combining all the rare qualities necessary, than to get him a little earlier.

In point of fact it has proved very difficult to find the man required, and thus far only preparatory measures have been taken. In August Professor Albert Calmes of Luxemburg was sent over to Albania in order to report upon the economic condition of the Country and the conditions under which a financial Adviser could be sent out.

He was accompanied by a secretary, M. Loetsch, and by M. Ansgar Rosenberg, from the Economic Section of the Secretariat of the League of Nations. The latter had already previously written a preliminary report, embodying such information as could be gathered from available literature, or received from persons having visited Albania.

The report of Professor Calmes, presented in September,
contains many items of great interest, and gives on the whole a rather favourable impression of the economic possibilities of Albania, provided that interior and exterior security can be maintained.

That security, however, largely depends on the economic fabric and thus there may easily arise a "circulus vitiosus"; without security no money; without money no security. At the present time the existing deficit in the budget has made it impossible for the Government to meet all their expenses, which causes many kinds of unrest and weakens its political position.

To add to the many causes of uneasiness already existing, an inundation occurred in the Scutari region, causing damage to the extent of several millions of gold francs.

One of the reasons for the deficit in the budget for this year was the expenses for military purposes in connection with the revolution in March, and the constant fear of repeated external aggression. The military expenses can only be cut down if every danger of attacks from without are removed.

For the next year the expenditure has been cut down in such a way as to balance the budget, but the possibility of achieving this result is contingent on the non-occurrence of unexpected expenses of importance and on the revenue from customs etc., not sinking below the estimated amount. But on the other hand, an experienced expert may find many possibilities of improving the situation and affecting economics, both in the expenditure and in the way of collecting the revenue etc.

So much has already been done in the nature of preliminary enquiries that it seems difficult to add anything substantial to the theoretical knowledge of the economic conditions of Albania. What the Country now needs is a man to begin work.

It would be well if the Commission could introduce the financial expert, when he does arrive, and remain with him here at least for several weeks, in order to place at his disposal the experience as to conditions and persons which they have obtained.
and which cannot be embodied in written reports; otherwise, it may take a long time before the Financial Adviser becomes so familiar with the rather complicated conditions existing in Albania, as to be able to act with full effect.

The recommendation of the Commission in its general report of April 1922, also provided that there should be a continuity in the League's activity in stabilising the State of Albania, proposing that one member should return to Albania in order to work there, as long as a decision as regards the appointment of the experts was pending.

The enquiry of the Commission in the South will also take some weeks. Furthermore the Commission has been graciously invited by the Serbo-Croat-Slovene Government to visit Belgrade, and having on more than one occasion had the advantage of visiting both Rome and Athens, it considers it indispensable to embrace the opportunity thus offered which would give it the advantage of discussing in Belgrade certain questions which will be dealt with in the general report. The preparation of that report which will embody a much larger collection of facts, and give a fuller view of the political situation of Albania, than the earlier reports, will also require some time. Altogether, these different tasks will give the Commission full work at least till the end of March.

CHANGES IN THE ALBANIAN GOVERNMENT. ITS PRESENT POLICY.

In September M. Djafer Ypi, while retaining his position as Prime Minister, resigned as Minister of Foreign Affairs, and was succeeded by M. Pandeli Swangheli, who was Prime Minister at the time of the first arrival of the Commission last year.

On 3rd December the two vacant places in the Regency were filled by M. Djafer Ypi, resigning as Prime Minister, and by M. Gjon Tchoba.

x Note by the Secretary General. Professor Segerholm left Tirana on the 23rd December 1922 for Southern Albania to make this enquiry.
Achmed Bey Zogu, Minister of the Interior, succeeded M. Djafar Ypi as Prime Minister, while retaining his former portfolio. The other members of the Cabinet remained.

The first action of the new Cabinet, after having received the Commission of the League, was to request, through the Commission, that the League of Nations should nominate four more advisers, for Justice, Education, Public Security (Conifermeric) and Public Works. It is the desire of the Government, with the aid of these advisers furnished with all the necessary authority, to reform the administrative organisation of the Country in such a way as to make Albania a modern Occidental country while removing the remains of former misrule.

The Commission has repeatedly had occasion to deny false rumours concerning revolutionary movements or warlike enterprises on the part of the Albanians. Thus at the beginning of September, certain Italian newspapers reported that a revolution had broken out in Albania and that the Government had fled to Eorat. At the end of the same month certain Belgrade papers reported that Bairiul Zuri had invaded Northern Albania, and that five thousand Albanian volunteers had set out in order to aid Turkey. In December the Greek Delegation at Lausanne complained that ten Turkish officers and several hundred irregular soldiers had landed at Durazzo, in order to organise Albanian bands and to act in co-operation with Bulgar-Turkish bands in the vicinity of Greece.

All these rumours were devoid of all foundation. At the present time the strongest desire of Albania represented by her Government is to realise her national ideals on the basis of a western political and cultural organisation and to remain absolutely neutral.

It is only if her legitimate hopes are falsified that danger might arise in future.

If Albania received in the future the aid of Europe, through the League of Nations, she will continue to be a faithful adherent of the ideas represented by the League.

December 18th 1922. (Signed) J.J. Soderholm.