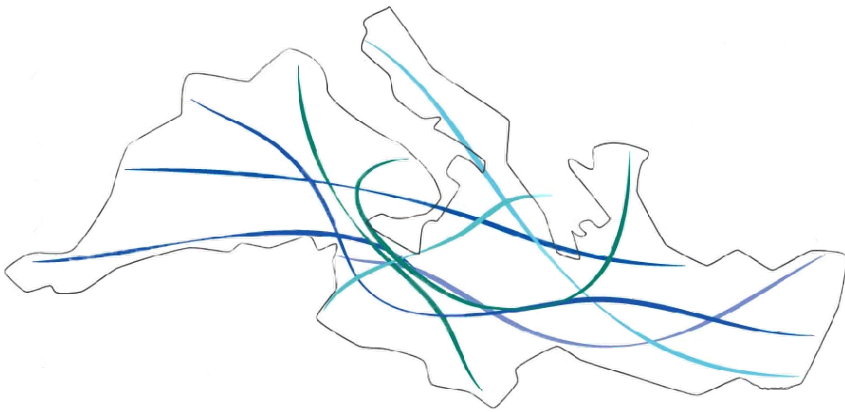


# JOURNAL OF MEDITERRANEAN KNOWLEDGE

Editor in Chief, Giuseppe D'Angelo

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*War economy: the contribution of Eritrea  
in the imperial framework from the  
Commissione annonaria of Asmara to the  
Azienda Speciale Approvvigionamenti  
(1934-1941)*



ISSN: 2499-930X



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**MEDITERRANEAN KNOWLEDGE**  
International Centre for Studies & Research  
[www.mediterraneanknowledge.org](http://www.mediterraneanknowledge.org)

Nardozi, M. (2022). "War economy: the contribution of Eritrea in the imperial framework from the *Commissione annonaria* of Asmara to the *Azienda Speciale Approvvigionamenti* (1934-1941)". *Journal of Mediterranean Knowledge*, 7(2), 131-161.

DOI: 10.26409/2022JMK7.2.01

Retrieved from

<http://www.mediterraneanknowledge.org/publications/index.php/journal/issue/archive>

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Article received: 10 October 2022

Accepted: 14 November 2022

On the cover: *Routes* by ISIA Roma Design

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Via Giovanni Paolo II n. 132, 84084 Fisciano, Italy



- Peer Reviewed Journal

INDEXED IN  
DOAJ

## War economy: the contribution of Eritrea in the imperial framework from the Commissione annonaria of Asmara to the Azienda Speciale Approvvigionamenti (1934-1941)

### Abstract

The war was a factor constantly present in the colonial history of Italy, as it is possible to appreciate especially in the Thirties, also about the economic contribution of Eritrea in the framework of the Italian imperial system and to the problem of supplies and tools created to meet the shortcomings of the indigenous production system. Through the study of sources from the Archivio Storico del Ministero degli Affari Esteri, the Archivio Centrale dello Stato, the Archivio Storico della Banca d'Italia and the Istituto Agronomico per l'Oltremare, this article intends to deepen the theme of the war economy, analysing not only the role of Eritrea as a whole, but also deepening the contribution of institutions such as the Commissione annonaria of Asmara and the Azienda Speciale Approvvigionamenti, created by the authorities colonial to provide for the supply of consumer goods for the civilian population.

Keywords: Azienda Speciale Approvvigionamenti, Commissione Annonaria, Eritrea, Italian East Africa, War economy.

## Economía de guerra: la contribución de Eritrea al marco imperial desde la Comisión de Abastecimiento de Asmara hasta la Compañía Especial de Suministros (1934-1941)

### Resumen

La guerra fue un factor constantemente presente en la historia colonial de Italia, como puede apreciarse especialmente en los años treinta, también con referencia a la contribución económica de Eritrea en el marco del sistema imperial italiano y al problema de los suministros y los instrumentos creados para proveer a la falta de un sistema de producción local. A través del estudio de fuentes consultadas en los archivos de Roma y Florencia, esta contribución pretende profundizar en el tema de la economía de guerra, analizando no sólo el papel de Eritrea en su conjunto, sino también el intento de transformar la economía de la primera colonia en una economía de guerra en pocos años. Además, se pondrá énfasis en la contribución de organismos como la Comisión de Abastecimiento de Asmara y la Compañía Especial de Suministros, creadas por las autoridades coloniales con el objetivo de abastecer de bienes de consumo a la población civil del imperio.

Palabras clave: Compañía Especial de Suministros, Comisión de Abastecimiento, Eritrea, África Oriental Italiana, economía de guerra.

## Economia di guerra: il contributo dell'Eritrea nel quadro imperiale dalla Commissione annonaria di Asmara all'Azienda Speciale Approvvigionamenti (1934-1941)

### Abstract

La guerra fu un fattore costantemente presente nella storia coloniale d'Italia, come è possibile apprezzare soprattutto negli anni Trenta, anche in riferimento al contributo economico dell'Eritrea nel quadro del sistema imperiale italiano e al problema degli approvvigionamenti e degli strumenti creati per sopperire alla carenza di un sistema produttivo locale. Attraverso lo studio di fonti consultate presso gli archivi di Roma e Firenze, questo contributo intende approfondire il tema dell'economia di guerra, analizzando non solo il ruolo dell'Eritrea nel suo complesso, ma anche esaminando il tentativo di trasformare l'economia della colonia primogenita in economia di guerra nel breve volgere di pochi anni. In questa sede si vuole chiarire, inoltre, l'apporto di enti come la Commissione annonaria di Asmara e l'Azienda Speciale Approvvigionamenti, creata dalle autorità coloniali con il fine di provvedere all'approvvigionamento di beni di consumo la popolazione civile dell'impero.

Parole chiave: Azienda Speciale Approvvigionamenti, Commissione Annonaria, Eritrea, Africa Orientale Italiana, economia di guerra.

*War economy: the contribution of Eritrea in the imperial framework from the Commissione annonaria of Asmara to the Azienda Speciale Approvvigionamenti (1934-1941)*

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*Introduction*

The study of the complex relationship between Italy and Eritrea, both during the war and after the war, helps to understand many of the central questions of the history of economic development of Africa in the 20th century, particularly in relation to the functioning of the economy during periods of war, the question of food supply, the management of populations fleeing the fighting (Ballinger, 2020).

The war was a factor constantly present in the colonial history of Italy, as it is possible to appreciate especially in the Thirties, also about the economic contribution of Eritrea in the framework of the Italian imperial system and to the problem of supplies and tools created to meet the shortcomings of the indigenous production system (Taddia, 1986; Del Boca, 1976, 1979, 1982; Maione, 1991). By examining the events that characterized this decade, we intend to deepen the theme of the war economy, analysing not only the role of Eritrea as a whole, but also deepening the contribution of institutions such as the Commissione annonaria of Asmara and the Azienda Speciale Approvvigionamenti (from now on ASA), created by the colonial authorities to cover the supply of consumer goods for the civilian population, respectively, during the years of the Ethiopian war and during the Second World War. In this way we will try to reconstruct the work of the Italian government, of the Italian colonists and officials in the years of the end of the imperial dream, when the General Government of Italian East Africa tried to

transform the economy of peace back into an economy of war in the short space of a few years. To clarify the effects of the persistent war state on the colonial economy and the exploitation programs, it is also necessary to specify the expectations and objectives in the land of Africa of the settlers who moved from the Kingdom, who imagined the empire as a new “frontier” and, at the same time, an opportunity for social ascent and quick generation of enormous profits, which represented the failure of the fascist myths for the creation of the “new” Italian man forged with hard work and disinterested in the search for personal enrichment (Podestà 2009a, p. 1091). Contrary to what Mussolini declared, the Italian colonists preferred a quiet, “bourgeois” life, achieved through the enhancement of local work, compared to the inconvenience and risks caused by the race for the empire through war (Podestà 2009a, p. 1073; Maione, 1979)<sup>1</sup>. For this reason, the action of the governments of Italian East Africa was often characterized by authoritarian interventions, aimed at repressing the numerous attempts to grab local resources put into practice by Italian entrepreneurs.

At the same time, through the Italo-Ethiopian conflict and the conquest, but not subjugation, of the new territories in the interior of the Horn of Africa, tens of thousands of Italians were urged to follow the dream of the empire by populating East Africa and make it a destination for exploitation (Goglia & Grassi, 1981; Calchi Novati, 2011; Ertola, 2017; Podestà, 2002; Bellucci, 2014). Ethiopia was, like Eritrea, a destination for settlers with different objectives and, certainly, not in harmony with the plans of the fascist regime; the first-born colony, however, in its relationship with Ethiopia played the role of vassal, aimed at exploiting the new territories. As can be understood, this dynamic that is established between the colonial

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<sup>1</sup> The formation of an Italian business class in Eritrea was a gradual process that took place through the experience acquired through the direct interventions of the Italian state, such as internal and international migration policy, agricultural colonization measures and the founding of cities: this evolution it was therefore the product of the guidelines of the State policies which nevertheless proved effective when capable of intercepting the needs of the territory. For a more specific discussion on the issues of internal migration policies, agrarian colonization and the foundation of cities, see Misiani, S. & Sabatini, G. (2020).

territories, in the context of the empire, and between the action of the colonists and the directives of the motherland, appears rich in interesting research ideas, with reference to the practices of the colonists and of the Italian companies that operated in Eritrea in the 1930s.

The sources and documents that will be used for the development of this analysis have been identified for the most part in the Archivio Storico del Ministero degli Affari Esteri (Rome), in the Archivio Centrale dello Stato (Rome), in the Archivio Storico della Banca d'Italia (Rome) and in the Istituto Agronomico per l'Oltremare (Florence). For an even more specific study, the archive documentation was compared with other types of evidence, including periodical magazines and newspapers, trying to provide a new perspective on the study of the war economy and the management of the war effort by the Italian ruling class.

### *1. The sudden increase of the population in Eritrea in the mid-thirties: the problems of supply and control of the market.*

The Colony of Eritrea remained an unproductive possession for many years, which needed the indispensable contribution from the motherland (Negash, 1987; Ben-Ghiat & Fuller, 2005; Killion, 1996; Podestà, 1996, 2009, 2021; Pallaver & Podestà, 2021; Sabatini & Strangio 2021; Jerven, Strangio & Weisdorf, 2021). The economy of the overseas territories, for all the time they were under Italian administration, in fact, was artificially supported by the state (Labanca, 2002; Strangio, 2010). For the first years after its arrival in the new possession, Italy concentrated its colonial interests in the control of commercial exchanges, which engaged the port of Assab, but above all the port of Massawa, which for centuries had been the destination of important caravan routes (Zaccaria, 2007; Mesghenna, 1988; Pankhurst, 1961, 1968, 1974a, 1974b; Miran, 2003, 2009).

Until 1935, the economic constraints imposed by the reorganization of the state budget during the first post-war period, the great depression of 1929 and the difficulties encountered by

the national economy in the early part of the 1930s, made economic enhancement impossible (Podestà, 2004). This resulted in an insufficient contribution of the state to the necessary infrastructural development of the overseas territories, which did not have support in the economic initiatives (Gagliardi, 2016; Tseggai, 1986; Podestà, 2013a, 2013b).

This situation, however, was also a consequence of the desire of fascism to put the creation of a future great empire before the economic enhancement of colonial domains: the realization of the empire, in fact, was an objective that could only be achieved after prolonged efforts, however, according to the fascist hierarchs, it could have guaranteed prosperity and development to the country (Podestà 2004, p. 170).

The massive increase in European and indigenous inhabitants in Asmara and in the major centres of the Italian colonies, since the second half of 1934, driven by the involvement that the race for the empire aroused, led to a substantial growth in the demand for products. The greater demand for goods was added to an increased price of transport, which caused a rapid increase in the prices of all goods and on basic foodstuffs with percentages calculated between 12% and 300%<sup>2</sup>. The increases, recorded not only in the Asmara market, concerned the prices of vegetables and fruit in general, but also the cost of bread, due to the appreciation of flour; it also referred to an increase in the price of meat, due to the high cost of selling livestock and a high price of oil which went from 30 lire per cash to 36 lire each with an increase of 20%<sup>3</sup>.

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<sup>2</sup> *Gerardo della Porta (Southern Border Commissioner) to Government of Eritrea*, 9 march 1935, in Archivio Storico del Ministero degli Affari Esteri (from now on ASDMAE), Archivio Storico del Ministero dell’Africa Italiana (from now on ASMAI), *Varie riguardanti l’economia eritrea (collocazione provvisoria)* (from now on *Varie*), b. 1, f. 10; *Government of Eritrea to Eritrean Economic Office*, 22 June 1934, in ASDMAE, ASMAI, *Varie*, b. 1, f. 10; *Head of the Eritrean Economic Office to Government of Eritrea*, 26 June 1934, in ASDMAE, ASMAI, *Varie*, b. 1, f. 10; *Eritrea colonial troops Corps to the Economic Office*, 28 September 1934, in ASDMAE, ASMAI, *Varie*, b. 1, f. 10; *Head of the Eritrean Economic Office to Eritrea colonial troops Corps*, 2 October 1934, in ASDMAE, ASMAI, *Varie*, b. 1, f. 10.

<sup>3</sup> *President of the Commissione Annonaria to the Federazione dei Fasci di Combattimento dell’Eritrea*, 25 February 1935, in ASDMAE, ASMAI, *Varie*, b. 1, f. 10.



The situation of widespread increases in primary goods, therefore, provoked numerous complaints from consumers for what appeared to be a clearly speculative action, while the main Eritrean farmers and producers applied to be allowed to also increase the price of butter, with the aim of adapting it to the price of milk, dairy products in general, vegetables, fruit and citrus fruits. There was a “painful race for increases” which had to provide for adequate provisions to prevent the expected increases from escalating into “low speculation”<sup>4</sup>. Transport prices also seemed to have risen mainly due to speculation, rather than to the need or the desire for adequate earnings: now free to choose the routes, the trucks that operated the service between Asmara and Adi Ugri had almost all been attracted by the higher earnings of the Massawa line; the few remaining, therefore, demanded prohibitive prices for goods and passengers.

To temper the “possible greed of farmers”, measures were taken that the government implemented to facilitate and increase the import of fresh fruit and vegetables from Italy and other countries and bananas from Somalia<sup>5</sup>. It was therefore necessary to grant producers greater freedom over selling prices, while controlling and repressing exaggerations. While local production and the consequent distribution could enjoy some freedoms about sales prices, the same could not be said of imports: the Government believed, in fact, that it was necessary to prevent the increase in the prices of products from the Kingdom or from abroad, for which the price was known and had not undergone significant increases.

To counter these price increases, it was decided to create the Commissione Annonaria of Asmara (ration commission)<sup>6</sup>, which was

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<sup>4</sup> *Annual report from the Director of the Asmara branch to the Governor of the Bank of Italy*, 28 December 1934, in Archivio Storico della Banca d'Italia (from now on ASBI), Banca d'Italia (from now on BI), Affari Coloniali (from now on AC), pratt., n. 30, f. 1, p. 136.

<sup>5</sup> *Ibidem*.

<sup>6</sup> *Decree of establishment of the Commissione Annonaria at the Municipal Administration of Asmara no. 14740*, 5 March 1935, in ASDMAE, ASMAI, Varie, b. 1, f. 10; *Government of Eritrea to Eritrean Economic Office*, 6 March 1935, in ASDMAE, ASMAI, Varie, b. 1, f. 10; *La costituzione della Commissione Annonaria* [Editorial]. (1935, March 9). *Il Quotidiano Eritreo*.

supposed to monitor the market trend, determine the fair price and take the necessary measures to suppress any speculation and abuse. Subsequently, on 6 March 1935, the Senator of the Kingdom and High Commissioner for the Colonies of East Africa, Emilio De Bono, approved the ban on the export of cereals of all kinds, in consideration of the need to allocate the production and import of cereals for consumption exclusive to Eritrea<sup>7</sup>; on 9 March he decreed, for an indefinite period, the ban on exporting gasoline outside the borders of the colony<sup>8</sup>. Furthermore, through decree no. 7102 of 15 March 1935, recognizing the need to adopt measures aimed at avoiding illegal speculation in the trade of basic goods, De Bono gave the power to the Commissioners of the Municipal Administrations of the Colony and to the Regional Commissioners to establish the maximum selling prices<sup>9</sup>. In this way, free to be able to intervene on the costs of the goods on sale, the Municipal Administration of Asmara after consulting the Commissione Annonaria, decided that, starting from 17 March 1935, for an indefinite period, a maximum price would be applied for the sale to the public of some kinds: bread, meat, locally produced pasta, sugar, butter, coal<sup>10</sup>. Continuing along the same line of action, the High Commissioner approved two other decrees: the first granted exemption from border rights about fresh fruit and vegetables of any origin and provenance starting from 15 March<sup>11</sup>; through the second, on 16 March, recognizing the pressing need to increase agricultural production, cash prizes were awarded for the most productive farmers<sup>12</sup>.

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<sup>7</sup> Divieto esportazione cereali [Editorial]. (1935, March 10). Il Quotidiano Eritreo.

<sup>8</sup> Divieto esportazione benzina [Editorial]. (1935, March 13). Il Quotidiano Eritreo.

<sup>9</sup> La facoltà ai Commissari di stabilire i prezzi [Editorial]. (1935, March 27). Il Quotidiano Eritreo.

<sup>10</sup> Amministrazione Municipale di Asmara. I prezzi di alcuni generi alimentari [Editorial]. (1935, March 19). Il Quotidiano Eritreo.

<sup>11</sup> La esenzione per i diritti di confine per la frutta e verdura fresca [Editorial]. (1935, March 19). Il Quotidiano Eritreo.

<sup>12</sup> Contributo del Governo agli ampliatori d'orti [Editorial]. (1935, March 19). Il Quotidiano Eritreo.

General Alfredo Guzzoni, who succeeded De Bono as High Commissioner for the Colonies of East Africa, also considering that it was necessary to extend this faculty to all kinds that were placed on the market in Eritrea, on 2 December 1935, a few days after the enforcement of the sanctions of the League of Nations, it decreed that the same colonial administrations should have the power to establish the maximum selling prices for all the products marketed in Eritrea<sup>13</sup>.

## *2. Settlers and entrepreneurs in Eritrea within the framework of the empire*

At the end of the thirties in Italian East Africa there was a high ratio between the number of businesses and the resident civilian population, quantified in the order of 180.000 units by the Italian Ministry of Africa (Ciferri, 1942; Castellano, 1948, Podestà, 2007, 2009b, 2012)<sup>14</sup>. In the borders of Eritrea, including the regions added after the Italo-Ethiopian conflict, there were: compared to 72.000 Italian residents in 1939 (Podestà, 2015)<sup>15</sup>, 5.074 commercial enterprises, of which 1.154 for wholesale and 3.920 retail, while industrial ones amounted to 2.769. Compared to 75.179 Italian residents surveyed in March 1940<sup>16</sup>, there were 4.888 commercial and industrial enterprises: the former amounted to 2.690, of which about 30% were dedicated to wholesaling and the remaining 70% to retail sales, while the industrial enterprises

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<sup>13</sup> Facoltà ai Commissari Municipali e Regionali in materia di calmieramento [Editorial]. (1935, December 5). *Il Quotidiano Eritreo*.

<sup>14</sup> *Report by the Italian Minister for Africa*, february 1941, in ASDMAE, ASMAI, Archivio Segreto di Gabinetto (from now on ASG), b. 276. On the more general theme of migration in Africa, see: Ambrosetti, Miccoli & Strangio, 2021; Fauri, 2021.

<sup>15</sup> The population of Asmara increased from 16,000 total residents in 1935 (including 4,000 Italians and 12,000 Africans) to a total population of 84,000 (including 48,000 Italians and 36,000 Africans). The regions added to Eritrea were: Tigrai, Macallé, Galla, Danakil and Aussa.

<sup>16</sup> *Statistics of the resident population in Italian Africa*, [1947], in ASDMAE, ASMAI, Africa IV, b. 54; *Population of Eritrea*, 18 September 1947, in ASDMAE, ASMAI, Africa IV, b. 54.

amounted to 2.198<sup>17</sup>. To these firms were added 653 service firms (insurance agencies, commission agents, shipping agents and freight forwarders, etc.) and 1.737 craft firms. In Hamasien and in the city of Asmara there was the greatest concentration of the population of the first-born colony, calculated at 50.729 on 31 July 1939, 53.722 units as of 30 April 1940, increased over 54.000 units in the summer of 1940, and retail business enterprises<sup>18</sup>. The comparison with the data recorded during the first census of companies present in Eritrea, carried out in 1927 by the Commercial Office<sup>19</sup> only for the localities of Hamasien and Massawa (even then the most populated), gives us a figure of 683 companies in Asmara and 410 in the Red Sea port (Istituto Coloniale Fascista 1929, pp. 507-511).

The Italians, therefore, managed to establish themselves as small entrepreneurs and traders, despite the rigor in force in the empire, thanks to the ability shown in extricating themselves within the rigid bureaucracy of the empire and taking advantage of the wide possibilities offered by public procurement: in fact, the urgent needs of the army first, and the intention to create in the shortest possible time the conditions for the development of a civil society that spread rapidly on the territory of the colony, laid the necessary foundations for the maturation of a mass market<sup>20</sup>.

There were, however, numerous distortions in the entrepreneurial landscape of Eritrea and in the whole of Italian East Africa, as the Italo-Ethiopian conflict had caused, in particular for trucking

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<sup>17</sup> *Telegram of Governor of Eritrea Giuseppe Daodiace to Ministry of Italian Africa*, 6 May 1939, in Archivio Centrale dello Stato (from now on ACS), Ministero dell'Africa Italiana (from now on MAI), b. 2028; *Consistenza numerica delle attività economiche esercitate nell'Eritrea* [Editorial]. (1939) *Rassegna economica dell'Africa italiana*, 6, 763-765; *Attività economiche esercitate nell'Eritrea al 30 aprile 1939* [Editorial]. (1939), *Rassegna economica dell'Africa italiana*, 8, 1005-1011.

<sup>18</sup> *National civilian population residing in some centres of Italian East Africa as of 30 April 1940*, [1947], in ASDMAE, ASMAI, Africa IV, b. 54; *Minutes of the meeting of the Advisory Commission*, 17 February 1938, ASDMAE, ASMAI, Varie, b. 4, f. 13.

<sup>19</sup> The Commercial Office, whose functions were identical to the chambers of commerce, was responsible for monitoring the economic and commercial situation of the colony.

<sup>20</sup> *The Minister of the Colonies Alessandro Lessona to Governor of Eritrea*, 21 September 1936, in ASDMAE, ASMAI, ASG, b. 19; *Memorandum on the A.O.I. for the Head of Government*, [September 1936], in ASDMAE, ASMAI, ASG, b. 19.

companies, present in exorbitant numbers compared to companies of any other category, the accumulation of huge earnings, the result, above all, of speculative operations, which had guaranteed quantifiable profits from hundreds of thousands to several million lire for individual companies: many of these, among the 846 registered in Eritrea in 1939, had obtained, in war period, as during the whole of 1936, a very large trust of which almost all of them did not worry excessively, using the liquid assets to extend - even immeasurably - their business or to purchase numerous new vehicles<sup>21</sup>. Since the first months of 1937, however, as the considerable amount of military transport was lacking, a period of severe depression suddenly arose: the crisis persisted for the entire following period, without the competent authorities being able to intervene, elaborating and applying measures able to revive, at least in part, the fate of the trucking industry, which was one of the most important in the Italian colonial scene. Furthermore, a difficult influx of essential goods, such as tires and fuel, necessary for the supply of the internal regions of the Italia East Africa was denounced: because of this lack the resumption of road transport was strongly hindered, causing the immobilization 80% of existing trucks in East Africa, so much so that the availability of loads exceeded the availability of vehicles. Therefore, everything that was transported by steamers and landed on the coasts of Eritrea found a way to the inland territories where it was most useful<sup>22</sup>.

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<sup>21</sup> *Supervisory Office of Credit Companies to Head of the Asmara branch*, 23 March 1938, in ASBI, BI, *Vigilanza sulle Aziende di credito*, pratt., n. 805, f. 5, pp. 32-42; *Royal Police Headquarters of Rome to Ministry of the Interior*, 19 February 1937, in ACS, Ministero dell'Interno - Direzione Generale Pubblica Sicurezza - Divisione affari generali e riservati. Archivio generale - Categorie permanenti - C1, conflitto italo-etiopeico, b. 17, f. 39, sf. 6.

<sup>22</sup> *Commercial report*, 15 May 1938, in ASDMAE, ASMAI, ASG, b. 38; *Commercial report no. 17*, 12 May 1938, in ASDMAE, ASMAI, ASG, b. 38; *Commercial report*, 23 April 1938, in ASDMAE, ASMAI, ASG, b. 38; *Commercial report no. 16*, 18 April 1938, in ASDMAE, ASMAI, ASG, b. 38.

*3. Italian East Africa between war and economy: problems in procurement and exploitation of unexpected resources.*

The exceptional events that occurred in Europe during August 1939 caused a stagnation in all activities, justified by the fact that the eventual participation of Italy in the conflict would have paralyzed all the activities of peacetime, giving rise to those characteristics of the state of war<sup>23</sup>. Therefore, all private initiatives and some of public institutions were suspended and the recall to arms of some troop contingents, carried out in the months of August and September, reduced the activity of some industries and some commercial companies. The particular state of emergency forced the Government to take some extraordinary measures for the restriction of the consumption of fuels, such as the limitation as regards the circulation of cars, the quota of naphtha for vehicles of industrial use, the cessation of the operation of generators for the lighting of private properties, the limitation of the sale of meat during certain days of the month, the limitation of the use of electricity and the establishment of summer time; while some public offices adopted the single timetable in order to reduce the consumption of electricity. The authorities also invited traders to provide for the purchase of large quantities of edibles in general, promising financial aid which, however, was never granted. Also, for East Africa, therefore, the directives followed in the economic field were standardized to the need to carry out any activity tending to achieve independence in the various production sectors<sup>24</sup>.

The situation produced by the war involved a substantial structural modification of the Eritrean economy: which was stimulated to remedy the isolation induced by the conflict. Furthermore, the concern of the war, the duration of which was

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<sup>23</sup> *Report for the financial year of the year 1939*, [1940], in ASBI, BI, AC, pratt., n. 29, f. 2, p. 152.

<sup>24</sup> *Estimated state of expenditure of the Italian Ministry of Africa for the financial year from 1 July 1941-XIX to 30 June 1942-XX*, 1941, p. 27, in ASDMAE, ASMAI, ASG, b. 239.

neither known nor predicted, had encouraged the government to strictly control all activities to avoid unnecessary waste of energy<sup>25</sup>.

The efforts made in the empire to quickly adapt the economy to the new war situation continued to cause a certain unease and a significant imbalance in many industries and businesses of the Italian East Africa. This was attributed to the rapid and pressing changes that the war in Europe brought about in all sectors: production, work, relationship of goods, supplies, traffic, costs, consumption, exchange rates, insurance, credit, savings.<sup>26</sup>

During the two-year period 1939-1940 and for the second time in a short period of years, the economy of Eritrea had to adapt to the new course of war. However, during the Italo-Ethiopian campaign, given the continuing maritime traffic through the Suez Canal, this transformation had led to a notable and perhaps disproportionate increase in all commercial and industrial activities; in 1939, however, the war caused a significant contraction of activities and, in many cases, their absolute arrest<sup>27</sup>. Eritrea lost all contact with the Motherland and, consequently, this situation made the supply of consumer goods for the civilian population and of machinery and materials necessary for the industrial equipment of the empire impossible<sup>28</sup>. The beginning of the conflict resulted in the cessation of all port activities in Massawa due to the Allied naval blockade<sup>29</sup>. The governments of the Italian East Africa, therefore, had to exploit all the possibilities of supply that lay ahead, even if of unforeseen origin. At the outbreak of hostilities, 21 Italian ships and 15 other German steamships, which were sailing near the Eritrean

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<sup>25</sup> *Report to the Head of Mission on the third repatriation trip made with the "Duilio"*, 31 August 1943, in ASDMAE, ASMAI, Africa IV, b. 82.

<sup>26</sup> *The Head of the Military Intelligence Service Giacomo Carboni to Ministry of Italian Africa*, 6 March 1940, in ASDMAE, ASMAI, ASG, b. 110; *Commercial report no. 47*, 29 February 1940, in ASDMAE, ASMAI, ASG, b. 110.

<sup>27</sup> *Annual report from the Director of the Asmara branch to the Governor of the Bank of Italy*, 15 January 1941, in ASBI, BI, AC, pratt., n. 29, f. 1, p. 10.

<sup>28</sup> *Estimated state of expenditure of the Italian Ministry of Africa for the financial year from 1 July 1941-XIX to 30 June 1942-XX*, 1941, p. 17, in ASDMAE, ASMAI, ASG, b. 239.

<sup>29</sup> *The Head of the Branch of the Bank of Italy in Massawa to the Governor of the Bank of Italy*, 9 October 1940, in ASBI, BI, AC, pratt., n. 33, f. 2, p. 2.

coasts on the various lines beyond the Canal of Suez, took refuge in the ports of East Africa under Italian control<sup>30</sup>.

The Italian authorities understood that it would be useful to be able to buy the goods that were on the German steamers landed in the ports of Aoi, but, given that difficulties had arisen, the purchases had proved to be very limited<sup>31</sup>. However, the cargo of transported goods, including the presence of numerous foodstuffs and perishable products in general, after the first days of uncertainty about what to do and long negotiations with the shipmasters and shipowners, was landed by order of the Governor General of 10 June 1940: overall, since the declaration of war at the beginning of October, over 200.000 tons of goods were unloaded in the port of Massawa<sup>32</sup>. Most of it was started daily and by any means on the plateau with priority given to foodstuffs essential for the supply of internal populations. The residual non-perishable part, coming from the German steamers and the one unloaded from the Italian steamers, was introduced into the customs warehouses: a part of that goods, unloaded for both military and health reasons, was requisitioned, and often also purchased, by the ASA, which placed it on the markets from the beginning of November 1940<sup>33</sup>, while the remainder remained at the disposal of the legitimate owners and those entitled to it<sup>34</sup>.

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<sup>30</sup> *Memorandum concerning the destiny of goods landed by social ships that took refuge in the ports of Italian East Africa*, [February 1953], in ASBI, BI, Direttorio Formentini, pratt., n. 6, f. 6, p. 4; *Report on the activity carried out by the Italian Ministry of Africa until 31 December 1949*, 2 January 1950, in ASDMAE, ASMAI, Africa III, b. 154.

<sup>31</sup> *Minutes VI<sup>a</sup> Meeting of the Governors*, [December 1939], in ASDMAE, ASMAI, ASG, b. 286.

<sup>32</sup> *The General Governor Africa Amedeo di Savoia to the Ministry of Italian Africa*, 1 September 1939, in ASDMAE, ASMAI, ASG, b. 151.

<sup>33</sup> *Commercial report*, 13 January 1941, in ASDMAE, ASMAI, ASG, b. 238.

<sup>34</sup> *Telegram of Governor of Eritrea Giuseppe Daodiace to Ministry of Italian Africa*, 14 June 1940, in ASDMAE, ASMAI, ASG b. 144; *The Regent of the Chisimaio Branch to the Governor of the Bank of Italy*, 25 February 1941, in ASBI, BI, AC, pratt., n. 32, f. 5, p. 7; *The Director of the Mogadishu branch to the Governor of the Bank of Italy*, 18 September 1940, in ASBI, BI, AC, pratt., n. 31, f. 1, p. 36; *Ministry of Italian Africa to Department of the Treasury*, 27 July 1949, in ASDMAE, Direzione Generale Affari Economici Versamento B, b. 46.



#### *4. The war economy in the empire: the organization of supplies for the empire and the late creation of the Azienda Speciale Approvvigionamenti*

The repercussions of the European conflict on the imperial economy, as the Italian East Africa authorities denounced, could be summarized in the “euphoria” of some export sectors (leather, wax), in the depression in others (coffee), in delays or rapid changes in prices (foodstuffs, cottons) caused by sudden changes in the cost of raw materials, subsidiaries, insurance, labour and the poor balance between supply and demand<sup>35</sup>. Despite the efforts to overcome the contingent difficulties, it is undeniable that an emancipation of Eritrea from imports from the Kingdom and from other countries would have required many more years, provided that the objectives of the agricultural policy for the first-born colony had been achieved<sup>36</sup>.

The imbalances in the commercial sector, with repercussions on the entire economic activity of the empire, the difficulties in making the empire independent from imports and the need to meet the needs of the national civilian population, led the ruling class to take precautions against events: the measures adopted from the beginning of the conflict onwards, therefore, culminated in a greater attention to the needs of the civilian and worker populations and to the construction of warehouses and sheds for the shelter of the stored goods; these measures were accompanied by the establishment of the ASA, as regards the import and collection of basic necessities (flour, sugar, oil, pasta), and the rigid regulation of the export and of the enhancement of the typical products of the empire<sup>37</sup>.

In August 1939, when the possibility of a conflict was imminent, the need was felt to set up an institution to supervise and control the supply of basic goods for the civilian population: this need animated a debate on the structure, the aims and prerogatives of

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<sup>35</sup> *Commercial report no. 49*, [1940], in ASDMAE, ASMAI, ASG, b. 110.

<sup>36</sup> *Annual report from the Director of the Asmara branch to the Governor of the Bank of Italy*, 15 January 1941, in ASBI, BI, AC, pratt., n. 29, f. 1, pp. 14-15.

<sup>37</sup> *Commercial report no. 49*, [1940], in ASDMAE, ASMAI, ASG, b. 110.

the institution that should have dealt with the matter<sup>38</sup>. It was found, therefore, that for the formation of large stocks of consumer goods, such as wheat, oil, sugar, etc., private initiative could not respond adequately. Therefore, it had to be done through the General Government, purchasing the goods with the cash available from the budget and entrusting the storage and management of the goods to the Azienda Ammassi Cereali of the Government of Scioa. This institution, which was created to achieve more limited geographical purposes, could not have permanently assumed the even larger and more complex commitments that should have been required to meet the needs of the empire. For these reasons, it was decided to transform it into a new institution called Azienda Speciale Approvvigionamenti: this institution had to provide for the establishment and normal rotation of basic food supplies and to control the supply of such commodities by private traders. The profits of the Company would have been put into the budget of the General Government which would have used them for the establishment of warehouses and silos and to pay, if necessary, export bonuses. The system of stocks, however, could give rise to problems regarding the price of foodstuffs: these, in fact, were purchased when prices had undergone a certain increase, and, at that moment, the turnover would have resulted in the sell at a higher price than the current market price<sup>39</sup>.

The task of the ASA, established at the General Government of the Italian East Africa through the G. G. Decree of 7 January 1940, no. 46, and of Colonel Gonario Delitala<sup>40</sup>, had to be to maintain the stocks and ensure their periodic reconstitution without incurring the errors committed in Libya, due to the interference of the Azienda

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<sup>38</sup> *The Governor General Amedeo di Savoia to Minister of Italian Africa*, 25 January 1940, in ASDMAE, ASMAI, ASG, b. 286; *Minutes VI<sup>a</sup> Meeting of the Governors*, [December 1939], in ASDMAE, ASMAI, ASG, b. 286.

<sup>39</sup> *Memorandum. Stocks in case of emergency*, [1940], in ASDMAE, ASMAI, ASG, b. 116.

<sup>40</sup> *Gonario Delitala to Custodian of Enemy Property*, 12 April 1945, in ACS, MAI, b. 352, f. 15. Gonario Delitala was an officer of the Military Commissariat, in charge of the management of the Azienda speciale Approvvigionamenti as General Manager and, previously, director of the Azienda Ammassi Cereali of Scioa from the end of 1938, from which ASA, in fact, took inspiration.

Rifornimenti Africa Settentrionale (North Africa Supply Company) in supplies for normal consumption.

The ASA was born on the model of the former Azienda Ammassi Cereali of Scioa with the ambitions that the Eritrean government wanted to achieve through the Ente Scorte Eritrea, which was never born due to the opposition of the General Government<sup>41</sup>. The Ente Scorte Eritrea was a project initiated by the Government of Eritrea, which during 1939 worked to build up stocks of foodstuffs, such as flour, pasta, beans, rice, oil, cheese and others, in the territory of the first-born colony<sup>42</sup>. This first project, then expanded and perfected, was based on the contribution of the four banks operating in Asmara (Banca d'Italia, Banco di Napoli, Banca Nazionale del Lavoro and Banco di Roma), which should have financed it with an amount that was around 150-200 million lire<sup>43</sup>. During the negotiations for the creation of the banking consortium, the General Government of the Italian East Africa intervened, which considered "it more appropriate to create an institution that could supply the whole territory of the empire with basic necessities, and not just Eritrea": The General Government fixed, for the purpose, an overall requirement of approximately 250 million lire<sup>44</sup>. It was decided, however, that the financing of the new institution would be carried out by the General Government of East Africa itself<sup>45</sup>. By virtue of this, the General Government decided that the ASA would take care of the purchase, hoarding, requisition and sale of all consumer goods necessary for civil and military purposes instead of the central government itself; to these tasks would be added the advance of the expenses for the unloading of the goods waiting on the German steamers landed in Massawa and Mogadishu in the spring of 1940

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<sup>41</sup> *Report by the Italian Minister for Africa*, February 1941, in ASDMAE, ASMAI, ASG, b. 276.

<sup>42</sup> *Bank of Italy to the Italian Ministry of Africa*, 12 October 1939, in ASBI, BI, Sconti, pratt., n. 2051, fasc. 1, p. 180.

<sup>43</sup> *Bank of Italy to Government of Eritrea*, 24 October 1939, in ASBI, BI, Sconti, pratt., n. 2051, fasc. 1, p. 207.

<sup>44</sup> *Report on the ASA in the Italian East Africa*, January 1940, in ASBI, BI, Sconti, pratt., n. 2051, fasc. 1, pp. 181-182.

<sup>45</sup> *Addis Ababa branch to Servizio Sconti*, 8 May 1940, in ASBI, Sconti, pratt., n. 2051, fasc. 1, p. 5.

and the purchase of the goods stowed on the national ships taking refuge in Massawa, Assab and Chisimaio following the outbreak of conflict<sup>46</sup>. The operation, managed by ASA with the collaboration of the German authorities, made it possible to store essential goods such as cereals, sugar, oil, peanuts and oil seeds<sup>47</sup>. Furthermore, the General Government took over the importation of another 200 thousand quintals of sugar available in the Kingdom to be destined for the empire, giving the task of execution to the ASA itself, which, moreover, had to provide, in balancing function, to the distribution on the spot to the companies concerned; the importers in possession of unused permits, however, were not enthusiastic about this state interference in their business, revoking, “amid hostile comments and lively criticism, all ongoing business”<sup>48</sup>.

Following the establishment of the ASA, on 27 February the General Government suspended the right to import wheat, flour, pasta, sugar and oil to traders without authorization issued by the ASA into Italian East Africa<sup>49</sup>. Suddenly arrested in their speculative and hoarding manoeuvres, some traders vented by saying that the constitution of this new institution discouraged and paralyzed the initiatives of private individuals, upsetting the premises on which the programs of their activities were based and destroying all their work. Especially since the sections of the ASA, in addition to the task of identifying and reporting the needs of the various territories of the empire, as well as issuing procurement authorizations, had the task of also buying up local products within the limits of quantity and price notified by the Headquarters of the Company, to receive,

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<sup>46</sup> Un'azienda speciale approvvigionamenti in Addis Abeba [Editorial]. (1940). *Rassegna economica dell'Africa italiana*, 4, 308; Facoltà dell'A. S. A. di incettare derrate [Editorial]. (1940). *Rassegna economica dell'Africa italiana*, 7, 765; *Addis Ababa Branch 1938/1939 Annual Report*, [January 1940], in ASBI, BI, AC, pratt., n. 29, f. 2, p. 88; *Minutes no. 26 of the meeting on 8 June 1940 of the Supervisory and Administration Committee of the ASA*, 8 June 1940, in ACS, MAI, b. 352.

<sup>47</sup> *The Governor General Amedeo di Savoia to Ministry of Italian Africa*, 28 November 1940, in ASDMAE, ASMAI, ASG, b. 116; *The Head of the Military Intelligence Service Giacomo Carboni to Ministry of Italian Africa*, 10 July 1940, in ASDMAE, ASMAI, ASG, b. 110; *Commercial report no. 51*, 1 July 1940, in ASDMAE, ASMAI, ASG, b. 110.

<sup>48</sup> *Commercial report no. 46*, 8 February 1940, in ASDMAE, ASMAI, ASG, b. 110.

<sup>49</sup> *Commercial report no. 48*, 31 marzo 1940, in ASDMAE, ASMAI, ASG, b. 110.

store, resell at the established prices the food and goods purchased by third parties on behalf of ASA, and to control the sales entrusted to private individuals. The categories of merchants therefore commented that free competition was always an emulative stimulus and reason for progress and improvement of every activity and that by regulating everything from above, with this new form of monopoly, which was added to the many already existing in the Italian East Africa, private initiatives were “throttled”<sup>50</sup>. In Assab, the institution of the ASA could have damaged the work of local traders, who, although of limited importance, provided for their needs by importing directly from Italy: therefore, about the goods pertaining to the ASA, they should have sourcing from local wholesalers, limiting their earnings to those of the retail trade<sup>51</sup>.

The disappointment of the business and commercial class operating in Eritrea and Ethiopia stimulated intense discussions and lively protests in the cities of Asmara and Addis Ababa, encouraging a group of companies and businesses to propose the establishment of the *Consorzio approvvigionamenti Eritrea Società Anonima*<sup>52</sup>. This new company with an invested capital of over two million, which can be increased up to 22 million, would have had as its purpose the storage and distribution of cereal production and other supply products and materials, operating, however, under the control of the ASA. All the goods unloaded from the German steamers, which were in the port of Massawa, would be assigned to this company; goods that had nothing to do with cereal distribution and procurement in general. In fact, there was talk of a billion lire of goods.

From the high offices of the Fascist Party of Asmara, however, negative considerations came with respect to the creation of a consortium that resembled a monopoly entrusted to a few private individuals, who in the empire, and especially in Eritrea, were always ready to appear when profitable business arose. to conclude. The

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<sup>50</sup> *Ibidem*.

<sup>51</sup> *The Head of the Military Intelligence Service Giacomo Carboni to Ministry of Italian Africa*, 7 April 1940, in ASDMAE, ASMAI, ASG, b. 110

<sup>52</sup> *The Federal Secretary of the Fasci di Combattimento to Minister of Italian Africa Attilio Teruzzi*, Asmara, 29 October XIX [1940], ASDMAE, ASMAI, ASG, b. 155.

protest of the category of traders, apart from the consideration of expensive and possibly more or less illicit speculations, was determined only by the desire to speculate in a moment of crisis due to the wartime events. It was, then, the constitution of a private institution, which was partially denied by the inclusion in the consortium of a representative of the Government and of the Fascist Party, so doubts arose as to why this took place in a controlled corporate economy and especially in wartime. entrusting a small group of private individuals with the delicate task of purchasing, storing and distributing a material, such as cereals, thus creating an authentic monopoly. However, although the creation of the consortium presupposed the purpose of providing for the storage of cereals and other supply products for the consequent distribution in the Eritrean territory, the project would have brought together too important an issue in the hands of a few companies, considering, moreover, that the consortium also proposed to manage the goods disembarked by the Italian and allied steamships refugee in the ports of the empire, that is a rather delicate issue that had cost enormous efforts to diplomacy and a substantial economic outlay<sup>53</sup>. For these reasons, the Ministry, having examined the subject, did not see any political-economic advantages on the advisability of authorizing the establishment of the Company, which would have excluded the participation of all traders and would have entered conflict with the ASA on tasks already entrusted to it; furthermore, it was stressed that it was necessary to avoid creating situations of privilege in favour of a few firms, further aggravating the position of the others, whose activity was already limited due to the difficult economic situation.

Created in January 1940, the ASA merged, only a year later, into the Ente Approvvigionamenti of Italian East Africa, which was directly dependent on the High Commissioner for the war economy<sup>54</sup>, chaired by Senator Iacopo Gasparini, former Governor of

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<sup>53</sup> *The Minister of Italian Africa Attilio Teruzzi to General Government*, 17 November 1940, in ASDMAE, ASMAI, ASG, b. 155.

<sup>54</sup> *Memorandum for the Head of Cabinet drawn up by the Government Councilor Mario Franco Rossi*, 25 November 1946, in ASDMAE, Africa IV, b. 42, f. 14; *Barile (Regent of the Government of Eritrea) to government commissariats*, 15 March

the Eritrean Colony and President of the Sia di Tessenei (Società Imprese Africane)<sup>55</sup>. The appointment of this important figure, who should have answered only to the General Governor, came at the end of long debates that concerned not only the choice of an administrator, but of a person who coordinated the forces in a moment of serious difficulty for the Italian East Africa<sup>56</sup>.

*5. The economic situation of Eritrea in the last months of Italian domination in East Africa: the consequences of isolation and organizational shortcomings*

The evaluation of the intervention of the State and the Fascist Party, however, was strongly negative, as their action was judged “weak and insufficient” to arrive too late even in the case of the constitution of the ASA, which had begun to work when by now insurmountable difficulties were encountered for the transports<sup>57</sup>. The “defective constitution” of the ASA and the “unbridled

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1941, in ASDMAE, ASMAI, Varie, b. 6, f. 48; L'Ente approvvigionamenti dell'Africa orientale Italiana [Editorial]. (1941). *Rassegna economica dell'Africa italiana*, 1, 285; Provvedimenti concernenti le requisizioni di merci [Editorial]. (1941). *Rassegna economica dell'Africa italiana*, 1, 285.

<sup>55</sup> *Report on the events that occurred in Tessenei from the beginning of the war to the abandonment of the company until the English occupation of all of Eritrea, written by the Director of the Tessenei Companies Giuseppe Marini*, May 1946, in Istituto Agronomico per l'Oltremare, Centro di documentazione inedita, f. 1795; *Report of the Delegate to the Government of Eritrea Mario Alvitreti to the General Manager for Currencies Alberto d'Agostino*, 3 June 1937, in ACS, Ministero per gli Scambi e le Valute (from now on MSV), Direzione Generale Valute (from now on DGV), Divisione Prima (from now on DP), b. 8, f. 80. Regarding Gasparini, see: Iacopo Gasparini morto all'Asmara [Editorial]. (1941, June 21). *La Nazione*; Jacopo Gasparini è morto in Africa Orientale [Editorial]. (1941, June 21). *Il Messaggero*; Geraci, F. (1941, June 26). Iacopo Gasparini. *L'azione coloniale*. All these article clippings are stored in ACS, Archivi di personalità della politica e della pubblica amministrazione, Archivio Iacopo Gasparini, b. 8.

<sup>56</sup> *The Minister of Italian Africa Attilio Teruzzi to the General Governor Amedeo di Savoia*, 30 October 1940, in ASDMAE, ASMAI, ASG, b. 116.

<sup>57</sup> *Notes on the events in East Africa after June 1940*, [1941], in ASDMAE, ASMAI, Africa III, b. 12.

hoarding”" were, therefore, the main causes of the “transformation crisis in an already troubled economy”<sup>58</sup>.

Even more significantly, in the second half of 1940, characterized by the entry of Italy into the war and the closure of the Suez Canal, it became impossible to carry out the usual exchanges with neighbouring countries and a stagnation of economic activities was determined, which ultimately led to the blockade of industry<sup>59</sup>. The situation envisaged by the Duce in the letter in which he appointed General Trezzani in the role of Chief of Staff of the Armed Forces of Italian East Africa was taking place: in fact, once the war had begun, the Motherland could no longer support the empire<sup>60</sup>.

The premises for the situation that arose from the outbreak of the war in Europe should have led to a possible intervention by Italy. The authorities, however, did not bother to build up stocks of the goods needed by the empire for a shorter or longer period, considering the practically certain isolation of the empire, nor were they aware of the actual existence of the goods. The results of state interventions were scarce, so much so that there was a very strong increase in the cost of living and a strong rarefaction of what was indispensable. The merchants were the custodians of the goods they owned, to be delivered on orders from the authorities and at controlled prices, often unjustified, which caused considerable losses to the owners themselves. The chaotic situation created with the hasty and untimely preparation for the war, therefore, was followed, a few months after May 1940, by a hasty and partial mobilization<sup>61</sup>.

The serious difficulties in the transport sector, caused by the confiscation of vehicles by the armed forces, and the shortage of

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<sup>58</sup> *Report on Eritrea concerning the events since March 1941 drawn up by the Government Councillor Francesco Cossu based on the statements of Pietro Barile, representative of the Government and of the Party in Eritrea*, 20 February XXI [1942], in ASDMAE, ASMAI, ASG, b. 239.

<sup>59</sup> *Report on the economic, banking and export situation from the colony*, [November 1946], in ASDMAE, Africa IV, b. 42, f. 14; *Memorandum for the Supervision Service on credit companies*, 6 March 1941, in ASBI, BI, Vigilanza sulle Aziende di credito, pratt., n. 805, fasc. 5, pp. 7-9.

<sup>60</sup> *The Duce of Fascism Head of Government Benito Mussolini to General Claudio Trezzani*, 21 April XVIII [1940], in ASDMAE, ASMAI, ASG, b. 270.

<sup>61</sup> *Notes on the events in East Africa after June 1940*, [1941], in ASDMAE, ASMAI, Africa III, b. 12.



fuel, caused a decrease in consumer goods on the markets and a worsening of the cost of living<sup>62</sup>. The empire, therefore, was completely isolated: the situation had reached such a degree of difficulty that what was indispensable to the life of the empire it was necessary to obtain it through smuggling with the Arab coast, exploiting the light boats of Eritrean fishermen, at the risk of losing the few loads that could be organized because of the much-intensified enemy control and at the cost of huge financial sacrifices for modest results<sup>63</sup>. However, taking advantage of the experience of the Società Anonima Navigazione Eritrea (SANE), the local currency available to the company itself and the few reserves of the East African Government, it was possible to bring the few items of consumption necessary for the indigenous populations, such as hard, butter and oil<sup>64</sup>.

Quickly exhausted the small and medium trade exercised by the nationals and the trade carried out by Arabs and Indians ceased, due to the removal from the empire of numerous English subjects, there remained only the rudimentary indigenous trade, completely insufficient to the needs of the various markets of the empire<sup>65</sup>. Therefore, the only possibilities of procurement from the Motherland resided in the possibility of receiving supplies, exceptionally, with the help of risky means, such as air and sea transport, which, however, could only carry out transport of limited quantities; while private initiatives did not bring any contribution mainly due to the excessive dissemination of news and data, especially in commercial environments<sup>66</sup>.

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<sup>62</sup> *Report "Trucking and auxiliary traffic"*, [1941], in ASDMAE, ASMAI, Varie, b. 2, f. 12.

<sup>63</sup> *Commercial Report*, 13 January 1941, in ASDMAE, ASMAI, ASG, b. 238.

<sup>64</sup> *Società Navigazione Eritrea to the Italian Ministry of Africa*, 26 September 1940, in ASDMAE, ASMAI, Direzione Generale Affari Politici (from now on DGAP), b. 99; *Annual service report for the financial year 1939/1940 drawn up by the Guardia di Finanza*, [1940], in ASDMAE, ASMAI, Varie, b. 18, f. 1.

<sup>65</sup> *News provided by the Deputy Inspector of the Addis Ababa Branch to the Governor of the Bank of Italy*, 28 October 1940, in ASBI, BI, AC, pratt., n. 29, f. 2, p. 139.

<sup>66</sup> *Commercial Report from 1 to 30 November 1940*, 13 January 1941, in ASDMAE, ASMAI, ASG, b. 238.

Due to the lack of official initiative to supply Eritrea, like the rest of the empire, the situation between January and March 1941 appeared to be on the verge of “collapse”, forcing the Italian and native civilian population to face without any support to the sudden difficulties caused by the war: private initiative, on the other hand, had already supplied some warehouses, but had acted too late; in addition, the war, which broke out almost suddenly, caught many areas of the colony unprepared, also truncating the execution of contracts already stipulated<sup>67</sup>. Private initiatives, in fact, were spoiled from the outset by the high costs and excessive outlay of currency that the Ministero per gli Scambi e le Valute (Ministry for Exchanges and Currencies) should have authorized, which often did not grant its approval for the realization of the trips that would have allowed a better supply of Italian East Africa<sup>68</sup>.

The fundamental cause that stopped all the initiatives that went from the construction of the new city of Addis Ababa, to the roads and, therefore, to all related activities, was the lack of fuel: petrol, naphtha, oil which represented the life of the Empire. Furthermore, the shortage of tires both for military consumption and for use in the civil sector forced the government to study alternative solutions, including the recovery and retreading of worn tires<sup>69</sup>. The recovery of animal traction, on the other hand, could only be considered a makeshift for the war period, because the immense road equipment of the colony was created for traffic with vehicles, while the caravans of camels, mules, horses, to which the Government wanted to give impulse, nothing resolved in the territories of the empire, characterized by enormous distances from centre to centre.

The general mobilization of the population of the empire, both national and indigenous, also caused the expulsion from the land of a large part of the workforce, with a consequent decrease in

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<sup>67</sup> *Annual report from the Director of the Asmara branch to the Governor of the Bank of Italy*, 15 January 1941, in ASBI, BI, AC, pratt., n. 29, f. 1, p. 10.

<sup>68</sup> *Commercial report from 1 to 30 November 1940*, 13 January 1941, in ASDMAE, ASMAI, ASG, b. 238.

<sup>69</sup> *Pirelli Company Report "New and retreaded tires"*, 26 April 1940, in ASDMAE, ASMAI, Varie, b. 2, f. 12.

cultivated areas and production possibilities, forcing many traders to liquidate throughout rush their activities or to entrust them to others<sup>70</sup>. Economic life suffered a strong backlash, because, in the empire, contrary to what happened in the Kingdom, all elements capable of arms, both Italian and indigenous, with rare exceptions, had to leave their occupations for military service<sup>71</sup>. Many of the companies, at the time of the declaration of war, had to suspend their activities due to the recall to arms of all their members and this to the serious harm of individuals and even more of the country. The organs of civil mobilization, in this field, were very lacking: what had to be preordained for some time, before the outbreak of the conflict, was hastily organized without method and criterion.

The traders of the Massawa square preferably moved to Asmara where they conveyed the goods they owned. Those who, by hoarding practices, unsuccessfully opposed by the authorities, had managed to collect goods of any kind, saw enormously increased demand and value: in fact, prices quadrupled or even quintupled compared to normality. Market prices, however, reached prohibitive figures also because the crisis experienced by road haulage began to affect them due to the absolute unavailability of fuels and tires<sup>72</sup>. Prices, therefore, constantly tended to rise due to the disproportion between supply and demand, due to the interference of hoarders and businessmen, but also due to the illegitimate adjustment with the thaler. The empire was also affected by the effects of scarce self-sufficient industrial equipment, which were generally attributed to the constraints of bureaucracy, which prevented them from carrying out the enhancement projects for which many settlers had left for Italian East Africa.

The period, lacking a self-sufficient productive sector in the imperial territories, was characterized by a feverish intensification of internal commercial exchanges, with several changes of ownership of

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<sup>70</sup> *Brief notes on the trend of trade and industry in the Italian East Africa with reference to the Massawa market*, in ASBI, BI, AC, Pratt., n. 33, f. 2, p. 94, 1939.

<sup>71</sup> *The Head of the Branch of the Bank of Italy in Massawa to the Governor of the Bank of Italy*, 9 October 1940, in ASBI, BI, AC, Pratt., n. 33, f. 2, pp. 3-4.

<sup>72</sup> *Commercial report Italian East Africa*, 1-31 December 1940, in ASDMAE, ASMAI, DGAP, b. 58, f. 51.

the same batches of goods which after each sale acquired a higher value, which, in most of the cases, was higher than the price set by the authorities<sup>73</sup>. From this, however, not only private individuals benefited, but rather credit institutions, which saw their warehouses quickly empty of the goods that lay there in anticipation: all kinds of goods, including waste goods. residual from the vast supplies that had been made during the Italo-Ethiopian conflict, it found a market ready to absorb it without any limit and regardless of price or quality.

All this exceptional and ephemeral movement aroused the attention of the government authorities, who tried to keep negotiations within reasonable limits and to avoid the concealment of basic necessities. All the efforts undertaken, and the precautions used, however, failed to stop or contain for a long time the increase in prices, which was considered inevitable during the war, according to the law of supply and demand<sup>74</sup>.

For these reasons, at the beginning of 1941, the measures that fixed the maximum selling prices of some products began to be gradually revoked: in fact, despite having served to keep prices within certain limits, at least until the exhaustion of existing stocks in Eritrea, at the same time they had not given impetus to traders to import new quantities of controlled goods (such as grains) from the other territories of the empire, since their cost was often lower than the prices set for the sale. Because of this, the General Government was often criticized for not having the courage to take directly to itself all the matters relating to the supply of basic necessities and their distribution to the populations; solution taken only in early 1941 through the Ente Approvvigionamenti and a small number of merchants with adequate financial capacity, who enjoyed absolute trust from the government authorities<sup>75</sup>.

The great majority of merchants, entrepreneurs, industrialists and hauliers, because of the war state and following the sale of goods

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<sup>73</sup> *Corporal Paolo Barbara to the Supervisory Committee on prices*, 1 March 1941, in ASDMAE, ASMAI, Varie, b. 16, f. 1.

<sup>74</sup> *Annual report from the Director of the Asmara branch to the Governor of the Bank of Italy*, 15 January 1941, in ASBI, BI, AC, pratt., n. 29, f. 1, p. 12.

<sup>75</sup> *Barile (Regent of the Government of Eritrea) to government commissariats*, 15 March 1941, in ASDMAE, ASMAI, Varie, b. 6, f. 48.

and the requisition of their companies, made huge sums of money that they could not or did not want to re-use in other commercial investments or in new industrial plants. If we exclude the initiatives of a few groups of entrepreneurs who devoted their capital to the creation or strengthening of some industries useful at that moment, all the rest of the capital created remained inert and awaiting a completely risk-free use, such as investments in government bonds and deposits in interest-bearing accounts with banks.

The state of war, at the same time, caused the displacement of the major centres of Eritrea, as happened in all the regions of the empire: the great part of the armed population, national and indigenous, concentrated in places far from the urban agglomerations which, due to their negligible importance, did not benefit from banking and postal services. At the beginning of 1941, these agglomerations, where previously the indigenous population was predominant and businesses that did not attract the Italian market were developing, acquired importance because the business that took place there was incessantly increased by the complex needs of the large quantities of troops who were concentrated there and passing through. The turnover of the small Eritrean traders operating in these localities, therefore, increased as were the proceeds and profits. As a result, unpredictable masses of savings were formed because those who benefited, mostly indigenous traders, were accustomed to earning only what they needed to live on.

#### *6. The decline of the Italian empire: criticism of the measures of the government and the autarchic experiments of Italian entrepreneurs*

The first four months of the war made it possible to sufficiently evaluate the results and consequences of that economic structure that was intended to be given to the empire: the criteria for setting the problem and for solving the various questions showed that often he kept in mind the situation that would have been brought about

by the conflict<sup>76</sup>. The examination of the most important sectors of activity, such as procurement, import and export trade, trade and monetary circulation, highlight the shortcomings and vast gaps in the direction undertaken by the regime in the empire.

In the relations of exchange between motherland and empire, it was not considered appropriate to create, as it would have been desirable, an economic structure integrating the other. The regime, in fact, considered the empire, albeit for contingent reasons, an appropriate outlet for goods and products constituting the national overproduction: it was therefore necessary to establish, for reasons of climate and distance, a corresponding organization of fiduciary warehouses and general, whose important economic function of custody and, above all, of preservation of goods, would have easily solved the problem of supplies. Instead, especially in Addis Ababa, nothing was ever done in this field, creating a market that was not regulated in prices, because the abundance or lack of products was directly linked to maritime and land traffic. The situation originated by the state of war, therefore, forced the General Government to take measures of an exceptional nature: among these, the establishment of the ASA, an institution created to convey to warehouses, largely adapted in the equipment, all kinds of food, to then distribute them to the shops according to the needs of the market. The regime did not create food outlets, which would have been useful to stop the rise in prices, preferring to delegate to a special commission, called Comitato Centrale Alimentare, based in Addis Ababa and peripheral branches in all the respective offices of the others. Colonial governments, the task of periodically fixing the prices themselves, to keep them within tolerable limits<sup>77</sup>. However, the results achieved were not satisfactory, since, parallel to the officially regulated trade there was another one exercised by indigenous people in which the nationals themselves, due to the

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<sup>76</sup> *News provided by the Deputy Inspector of the Addis Ababa Branch to the Governor of the Bank of Italy*, 28 October 1940, in ASBI, BI, AC, pratt., n. 29, f. 2, pp. 136-137.

<sup>77</sup> *Report of the Delegate to the Government of Eritrea Mario Alvitreti to the General Manager for Currencies Alberto d'Agostino*, 13 March 1938, in ACS, MSV, DGV, DP, b. 8, f. 82.

shortage of various products, were forced to bear the higher expenses, to have access to basic goods.

The Italians who moved to Eritrea and the empire never realized the utopia of the regime, that is, to create an overseas populated by war-forged workers. Rather, it was the British occupation of East Africa that finally liberated the productive forces that had been dormant for many years. The initially uncontrolled influx of population from other places in Italian East Africa to Eritrea and the limitations caused by the enemy occupation forced the local population to make up for the shortage of goods and basic necessities through the production of surrogates and substitutes suitable for the replacement of products that cannot be found and cannot be imported in East Africa: therefore, within the framework of the necessary industrial achievements relating to those products indispensable to the needs of civil life, there are initiatives carried out with the aim of compensating for the cessation of importation of these sires from the Kingdom, but which, in the end, allowed the Italian community to thrive under another banner, albeit for a very short period of time. To achieve this intent, the entrepreneurs played a leading role: the activities carried out by the most important companies in the panorama of the empire were added to craftsmen expert in the production of different genres<sup>78</sup>. It is in this period characterized by the transformation and readjustment that the qualities of “ingenuity” and “imagination” of the Italian population stood out (Del Boca 1984, p. 117), which adopted a series of self-sufficient measures, essentially the result of personal initiatives (Vannuccini 1945, p. 155). The numerous difficulties deriving from the war state and the military occupation, and the need to provide for the many necessities for life stimulated the creation of “new industries and activities, judged to be very difficult to implement before the war”, thus remedying the “almost total lack of supplies from abroad”, made difficult also due to the heavy duties established by the British authorities, as in the case of the customs

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<sup>78</sup> *Memorandum for the Head of Cabinet drawn up by the Government Councilor Mario Franco Rossi*, 25 November 1946, in ASDMAE, Africa IV, b. 42, f. 14; *Report by the Italian Minister for Africa*, February 1941, in ASDMAE, ASMAI, ASG, b. 276.

line with Ethiopia<sup>79</sup>. Basically, as it happened following the conquest of the empire, which caused widespread enthusiasm, generating the development of ideas and inventions for scientific and industrial applications useful for the enhancement of the conquered territories, even during the period of isolation from the Motherland a widespread desire to react to limitations through experiments and inventions that allowed to survive a community destined to inevitably retreat from the 1940s onwards.

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<sup>79</sup> Letter of the President of the Asmara Chamber of Commerce Luigi Giannini to the Minister for Foreign Trade Cesare Merzagora, 4 September 1947, in ACS, MAI, b. 176; The Commissioner of the ship "Vulcania" to Minister of Italian Africa Melchiade Gabba, 11 August 1943, in ASDMAE, Africa IV, b. 82; Trade with Eritrea, 21 April 1950, in ACS, MAI, b. 176, f. 2, sf. 2.



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