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A Case of Its Own? A Review of Italy's Colonisation of Eritrea, 1890-1941

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ABSTRACT

This paper considers Italy's short but intense colonisation of Eritrea in light of the more well-known European colonial histories in Africa. We review the Italian historiography on Italy's involvement in Eritrea, supplementing it with novel archival data. The focus is on the activities of private enterprises and agricultural settlements, and on the Italian state's colonial spending, particularly during Fascism. We reflect on the actual effects of these factors on Eritrea's development, as against those predicted by the leading theories, and show how these highlight the somewhat atypical nature of the case of Eritrea.

Introduction

Historians and academics in related disciplines, particularly literary studies and anthropology, have emphasised the importance of imperialism in European history. Our work pursues this agenda, highlighting the role played by territories outside traditional empires.¹ As Nicholas Lucchetti has observed, "The coming to power of Fascism represented a turning point for Italian colonial

¹ Elizabeth Buettner has remarked: "By and large, empire had long been abandoned to methodologically traditional academics interested mainly in political, military, and economic questions and whose geographies of analysis were centred on overseas arenas in combination with the decision-making corridors of power in London, Paris, The Hague, Brussels, and Lisbon. European nations and their overseas possessions were indivisible, with cultures, practices, material objects, and ideas travelling in multiple directions, their traces scattered throughout European popular and elite cul-

expansion. From the appointment of the nationalist Luigi Federzoni as minister of the colonies in the first Mussolini government, a proper colonial policy was initiated that aimed at avenging the defeats and redressing the inconclusiveness of the liberal governments, and which made possible, after the deployment of an imposing apparatus of men and means, the establishment of an Italian overseas empire."² Economic and social developments following the First World War, culminating in the Great Depression, had convinced Mussolini that the capitalist system was in decline. Furthermore, in a period when all countries were raising protectionist barriers and colonial powers were arranging preferential economic relations with their empires, the choice of autarky represented Mussolini's strategy to avoid a regression of the national economy and to escape political subjection to the Western powers.³ The goal of Fascist imperialism was to create a new "overseas Italy", populated by hundreds of thousands of emigrants. The policy of autarky was intended to ensure that the empire attained food self-sufficiency and was endowed with an industrial base so as not to burden the mother country. Autarky and empire were intertwined. Autarky, the construction of empire, the creation of a "vital" economic space and growing public intervention in the economic sphere were the characteristic features of Mussolini's new totalitarian state in the making. At a deeper level, however, imperialism was primarily a vehicle for Italian Fascism's political agenda rather than an undertaking designed to contribute to the Italian economy.

Our study of Italian Eritrea offers a more nuanced picture of Africa's past and road to independence than is commonly imagined, as well as a challenge to one-size-fits-all economic development theories. Eritrea became Italy's first colony in Africa in 1890. Intense colonial activities were mainly confined to the period after Mussolini took power in 1922. In 1941, Allied troops occupied Italy's colonies in East

tures, consumer goods, literature, religious life, political formations, and ideological terrains" (Buettner, 2016, p. 7).

² Lucchetti, 2013, p. 2.

³ Ludwig, 2000, p. 113; see also De Begnac, 1990, p. 532; Podesta, 2004, p. 240.

Africa, and two years later Italy was formally required to abandon those possessions. Italy's active control over Eritrea was thus among the shorter cases of European domination in Africa, lasting barely two decades. In this paper we examine Italy's colonisation of Eritrea against the backdrop of more well-known European colonial histories in Africa, building on a vast historical literature in Italian on Italy's imperial experiences. We present hitherto unknown archival statistics to help measure private and public colonial activities and to examine their actual effect on Eritrea's development compared with those predicted by the leading theories on the impact of colonialism.

Italy's colonial engagement in Africa – and in Eritrea in particular – was exceptional in several respects. One was Italy's economic, diplomatic, and military weaknesses during the "Scramble for Africa". Compared to such other colonial powers as France, Germany, and Great Britain, Italy was a latecomer and lacked financial resources. The Italian government had to settle for less attractive territories after other colonisers had taken their pick – the Italian colonies of Eritrea, Somalia, and Libya were all sparsely inhabited and largely devoid of exploitable natural resources. In addition, the Italians suffered a humiliating defeat at the hands of the Ethiopian Empire in 1896 when they tried to expand their territory beyond the Mareb River.

Another exceptional feature was the modest scale of Italy's involvement in Eritrea until 1922. Before the Fascist era, Italy made scant investments in its colonies and its trade with them was negligible (see Bertazzini, 2020, p. 300. Cf. also, Federico, 1998, p. 389-90). Italy's activities in Eritrea intensified with the dictatorship of Mussolini (1922-43). Imperialism under Mussolini's rule, however, "became a platform for nationalist revanchism, autarkic economic planning, and militaristic activism" (see Bertazzini, 2020, p. 300. Cf. also Labanca, 2002, pp. 153-67; Del Boca, 2008). Mussolini's colonial programme involved both extensive colonial spending and unbri-

⁴ Goglia and Grassi document the racist nature of Italian colonial ideology, confuting the myth of Italians as benevolent rulers.

dled use of force (Goglia and Grassi, 1981; Del Boca, 2005).⁴ Bloody military campaigns were launched to establish Italy's power over poorly-controlled colonial domains (i.e. Libya and Somalia) and to seize the Ethiopian Empire once and for all.⁵ Ambitious military plans were coupled with pharaonic economic development programmes, exemplified by Italy's road construction projects in the Horn of Africa and massive agricultural settlements in Libya (Podestà, 2004, pp. 135-142 and 171-199; Bertazzini, 2019).

Yet another distinctive feature was Italy's massive imperial spending after 1922 (see Bertazzini, 2020 p. 301). Mussolini's colonial interventions caused public expenditure to surge. Overseas expenditure accounted for roughly one per cent of Italy's total state spending in 1922, but this share rose to a staggering fifty per cent during the so-called Ethiopian campaign in 1935-6 (see Bertazzini, 2020 p. 301. Cf. also Federico, 1998, p. 387). Such expenditure was extraordinary in colonial contexts, where colonial powers normally aimed to keep their possessions profitable (Gardner, 2012; Huillery, 2014). The sudden expansion of colonial activities and expenses strongly impacted on Italian territories in Africa (Bertazzini, 2020 p. 301, see also Bertazzini, 2019),⁶ though not in the way that earlier scholarship thought it would, as we argue below.

Italy's weak position during the Scramble for Africa together with its belated and anachronistic colonial engagement – in Eritrea in particular – are important reminders of the heterogenous nature of colonial experiences in Africa (see Bertazzini, 2020, p. 301). To appreciate this heterogeneity, we evaluate colonial Eritrea's exceptional position in Africa's economic history alongside its interaction with its colonial ruler, Italy, in light of contemporary theories about economic development. In particular, we check the Eritrean case against two theses

⁵ The British-Ethiopian scholar Richard Pankurst, perhaps the foremost expert on Ethiopian history, harshly criticised Italian colonial policies from the start in a series of articles that exposed their shortcomings (Pankhurst, 1971a; Pankhurst, 1971b; Pankhurst, 1972).

⁶ In this regard, see Dore, Giorgi, Morone, and Zaccaria (2013) for institutions, functionaries and companies in the Italian colonies.

that have dominated recent debates on African economic history, namely path dependence and rational choice. According to Paul A. David, path dependence is not a theory, but a label that can be applied to a series of dynamic phenomena or, more correctly, systemic processes.⁷ Douglass C. North gives us further insight into the nature of the path's dependence in relation to institutional change. In this case, North tells us, the change in the institutional matrix is incremental and path-dependent. The latter characteristic is defined not as the inertia of institutions, but as a set of existing constraints on the choices of the present, which derive from the historical experiences of the past.⁸ Institutional change is incremental, North says, because, if it occurred suddenly, it would clash with existing organisations, which would hinder changing the rules of the game. Given the dense network of relationships and contracts based on existing institutions, institutional change must be consistent with the existing institutional matrix if it is not to upset the equilibrium formed over time.⁹ Thus, institutions have come to play three critical roles in this body of work. First, understood as historical products, they provide links between unsettled moments of great transformation and more ordinary times. Second, they constrain and shape human beliefs, values, interests, and the way these are deployed to shape outcomes. Third, and this is the principal point of contact with rational choice institutionalism, they are understood to generate preferences. In these ways, institutions have come to provide the connective tissue between types of time and between levels of analysis within historical institutions. In so doing, they have changed the genre of historical social science.¹⁰

Eritrea certainly qualified as a poor region at the onset of colonisation, and moreover was subject to Italian organisational influences: a misfit we attribute to (among other things) the failure to reproduce Italy's labour-intensive entrepreneurial model in Eritrea.

⁷ David, 2007.

⁸ North, 2006, p. 79.

⁹ North, 2006, p. 91.

¹⁰ Immergut, 1996; Katznelson, 1997, 2003; Pierson and Skocpol, 2002; Mahoney and Rueschemeyer, 2003.

Italian settlers in Eritrea made up more than ten percent of the population in the 1930s, making Eritrea the African colony with the highest proportion of Europeans.¹¹ While the intensity of Italian settlement in Eritrea predicts the establishment of “productive” rather than “extractive” institutions, we argue that the Italian state’s massive colonial investments were largely unproductive. Hence, Italy’s short but intense colonisation of Eritrea did not have the impact on Eritrea’s economic development that the settler-numbers would otherwise suggest. More generally, the Eritrean experience supports the findings by Bowden and Mosley that the “productive” versus “extractive” typology might not work as predicted when applied to the African colonial experience. They argue that “settler” colonies, where colonial impact was more intense, saw worse long-run development outcomes, in particularly inequality (Bowden and Mosley 2008). Our study brings out that the causal channels between colonial impact and economic development are highly context dependent.

1. Background: the colonisation of Eritrea

Modern Italian expansion into Africa began in 1869 in the Mediterranean and Red Sea regions. A push toward colonialism came from travellers, adventurers, and scholars, independent or associated with geographical societies and interest groups.¹² Expansion in Africa was especially encouraged by shipping companies, the shipbuilding industry and the arms industry. Thus, Italian colonialism initially sought to establish ports and trading posts more than anything else.

Prior to Italian colonisation, Eritrea had been loosely integrated into the Ethiopian Empire.¹³ Massawa, the port city, had been in Ottoman possession since 1577 and was transferred to Egypt in 1865.

¹¹ Today, less than ten percent of the population is white in South Africa.

¹² Calchi Novati and Valsecchi, 2005, p. 233; see also Podestà, 2007, pp. 59-84.

¹³ Fullerton Joireman, 2000, p. 71.

In 1869, after the Suez Canal opened, the Italians established themselves in Eritrea. Rubattino, a Genoa-based shipping company, purchased the concession to Assab, a port city which until then had been controlled by two sheiks.¹⁴ In 1882, Italy took over the port town from the then-bankrupt Rubattino, thus marking the beginning of Italian colonialism. From this point on, a network of interests and settlements was created around Assab, and the occupation would eventually expand beyond the port city. From 1883 to 1884 the focus was on Assab and its role as Italy's trading post in the Red Sea. It soon became clear, however, that the location was unsuitable for the ambitious role assigned to it. It was out of the way for the caravans that brought goods from the interior to the coast; only after much effort did the authorities convince some to detour there.

In 1884, the Mahdist rebellion ended Egyptian rule in Massawa. In 1885, Italians took advantage of the power vacuum and seized control of Massawa. The Ethiopians, for their part, had also hoped to take over Massawa after the Egyptian departure. A contest between the Italians and Ethiopians ensued. After three years of "skirmishing," the Ethiopians withdrew and formally ceded their rights in Eritrea to Italy in the 1889 Treaty of Ucciali. Eritrea was officially proclaimed an Italian colony on 1 January 1890.

Thus, in the beginning, Italian capitalists had been given "the task of undertaking economic penetration to extend Italian influence over those territories, so as to lay the groundwork for future annexation."¹⁵ The focus of early activities was the establishment of new maritime communication lines between Italy and Africa by intensifying trade between those areas. "The vectors of economic penetration were Raffaele Rubattino and the geographical societies."¹⁶

While the initial motivations for Italian colonialism may have been strictly economic, they appear to have had a weak basis. The original intention to remain on the coast in Massawa and Assab, and

¹⁴ Podestà, 1998, pp. 147-189.

¹⁵ Podestà, 1998, p. 150.

¹⁶ Idem.

to turn the area into a trading colony, was soon expanded. The Italians wished to make inroads into the interior, and moves by other colonial powers (like France from Djibouti and Britain from Sudan and Kenya) influenced the Italian perspective. More importantly, hostilities revolving around the question of the Tigray people and their region combined with long-standing suspicions and led to the severing of diplomatic relations between Italy and Ethiopia in 1894.

In 1896, an Italian army marched against Ethiopia and was decisively beaten at Adwa. The Italians were forced to retreat into Eritrea, and a peace treaty was signed in Addis Ababa the same year. Italy respected the peace for 39 years. In 1935, Fascist Italy successfully avenged this defeat and invaded Ethiopia. The result was the formal proclamation in 1936 of the Italian East African Empire. The empire was short-lived, lasting only to 1941.

Among Italy's former colonies, Eritrea is perhaps the one that has received the most attention in Italian historical studies of Italian colonialism. One has only to think of the important contributions of Uoldelul Chelati Dirar,¹⁷ Tekeste Negash, Calchi Novati and Valsecchi. Others have taken interest, also outside of Italy (see the works of Reid 2009, 2010, 2011, 2020), even if much still needs to be done to evaluate Italy's involvement in Eritrea from an international perspective, perhaps especially in the area of economics.

Demographic and agricultural activities in Eritrea

The Italian presence in Eritrea was an occupation in every practical sense. Composed of soldiers and officials and paid for by the

¹⁷ For Uoldelul Chelati Dirar, an Italian-Eritrean who taught both in Eritrea and in Italy, it is singular and disconcerting to note how a concept based on "totally uncritical assumptions, whose foundation is attributable to the fascist imperial ideology, not only [has] resisted the end of fascism, but [is] still the dominant interpretation of Italian colonialism, except for the restricted environment of historians" (Uoldelul Chelati Dirar, 1996, p. 36). The investigation of Italian colonialism, especially in its last phase, was marred by the difficulty of addressing fascism itself in scientific and not ideological terms.

state, its existence was directed towards the stimulation of the economic activities necessary for war and occupation. In this regard it is important to understand (with reference to path dependence) the extent to which the Eritreans were affected by some factors above and beyond the existence of a central administration. During the colonial period, there seems to have been a complex relationship between colonisers and colonised, not reducible simply to a relationship between hegemon and subordinates. This complexity is particularly evident with regard to colonial troops.

Between 1935 and 1941, the recruitment system for the army assumed importance for the colony, with implications for the “Ascari” due to the impact of the Italian empire on colonial subjects.¹⁸

As Uoldelul Chelati Dirar states: “[...] it appears that the military factor played a crucial role in the urban history of colonial Eritrea. Therefore, the study of military urbanization provides the analytical tools necessary for a correct assessment of Eritrean urban history and, generally speaking, for a better understanding of the Eritrean colonial milieu. The role of the military was crucial in reshaping both the physical and social landscapes of colonial Eritrea. In fact, on one side the military factor dictated priorities in the development of early colonial urban settlements and, on the other side the military was also crucial in determining the social and political make-up of the colonized society. In this process the centrality of Eritrean colonial ascari is apparent because of both the quantitative and qualitative dimension of their involvement. Finally the involvement of Eritrean ascari in the urbanization process also bears heavy consequences for the development of Eritrean post-colonial society.”¹⁹

Italy differed from other European powers in the nature of its population's emigration to its colony. A yawning gap emerged between the myth of promise in the colony and the minimal level of achievements there. Accordingly, the poverty of the colony deterred migration, as would-be settlers could not find land to cultivate.

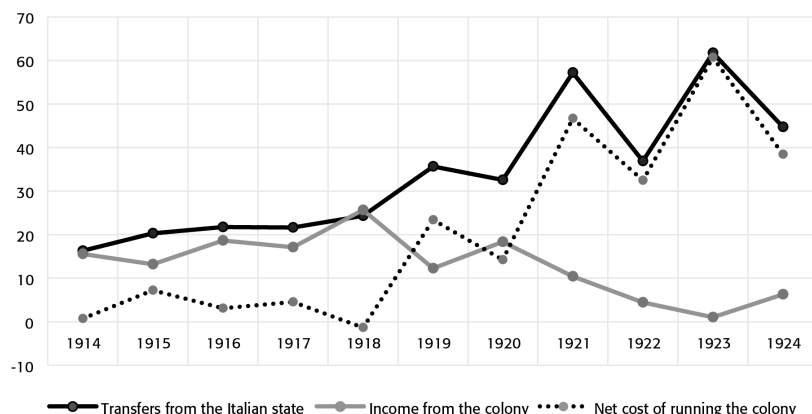
¹⁸ Volterra (2014 II ed.).

¹⁹ Uoldelul Chelati Dirar, 2004, pp. 17-18.

Italy spent more on its colony than it took in. This made the colony heavily dependent on the Italian state as shown in Table 1 and Figure 1, based on data from the colony's accounts kept at the Foreign Ministry.²⁰

With the end of political domination, the Italian presence in Africa was reduced to small colonies that were precarious and expendable. With the 1947 Treaty of Paris after the Second World War, Italy lost all its colonies except for Italian Somalia (put under Italian trusteeship from 1950 to 1960).²¹

FIGURE 1
Trends in the colony's income and expenditures (millions of lire)



Sources: Based on data from the Historical Archive of the Chamber of Deputies, B Conto consuntivo della colonia eritrea per gli esercizi finanziari 1914-15, 1915-16, 1916-1917; B Relazione della Corte dei Conti sui conti consuntivi e sui conti patrimoniali dell'Eritrea per gli esercizi finanziari 1917-18, 1918-19, 1919-20, 1920-21, 1921-22, 1922-23, 1923-24/ A Conto Consuntivo dell'Eritrea per gli esercizi finanziari 1917-18, 1918-19, 1919-20, 1920-21, 1921-22, 1922-23, 1923-24 e 1924-25; A B Conto consuntivo dell'Eritrea per gli esercizi finanziari 1925-26, 1926-27, 1927-28, 1928-29 e 1929-30; Conto consuntivo della Eritrea per l'esercizio finanziario 1930-31; B Relazione della Corte dei conti sul conto consuntivo e sul conto patrimoniale della Eritrea per l'esercizio finanziario 1932-33 / A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1932-33; B Relazione della Corte dei conti sul conto consuntivo e sul conto patrimoniale della Eritrea per l'esercizio finanziario 1933-34 / A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1933-34; A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1934-35.

²⁰ Atti Parlamentari, *Legislatura XXVII: Sessione 1924-26 - Camera dei Deputati* (Biblioteca Ministero Finanze).

²¹ Strangio, 2010.

TABLE 1
Income from the Eritrea Colony and Transfers from the Italian state
to the colony 1914-1934 (Italian lire)

	Ordinary income of the colony	Extraordinary income from the state	Difference
1914	9,973,600	21,965,807	-11.992.207
1915	14,007,217	19,524,384	-5.517.168
1916	15,297,433	25,100,000	-9.802.566
1917	15,018,100	23,757,955	-8.739.855
1918	17,714,049	32,368,833	-14.654.784
1919	29,064,626	27,174,256	1.890.370
1920	25,959,169	38,362,911	-12.403.742
1921	41,835,140	32,321,055	9.514.085
1922	22,384,012	27,407,096	-5.023.084
1923	46,555,280	16,199,621	30.355.659
1924	30,963,326	25,032,732	5.930.594
1925	33,045,171	31,017,000	2.028.171
1926	33,161,725	50,616,752	-17.455.028
1927	46,768,878	39,036,250	7.732.628
1928	42,581,449	27,659,240	14.922.210
1929	25,318,619	36,228,770	-10.910.151
1930	25,210,661	29,167,435	-3.956.774
1932	22,325,465	38,525,244	-16.199.780
1933	23,898,433	56,992,287	-33.093.854
1934	35,081,650	354.304.647	-119.222.997

Sources: Based on data from the Historical Archive of the Chamber of Deputies, B Conto consuntivo della colonia eritrea per gli esercizi finanziari 1914-15, 1915-16, 1916-1917; B Relazione della Corte dei Conti sui conti consuntivi e sui conti patrimoniali dell'Eritrea per gli esercizi finanziari 1917-18, 1918-19, 1919-20, 1920-21, 1921-22, 1922-23, 1923-24/ A Conto Consuntivo dell'Eritrea per gli esercizi finanziari 1917-18, 1918-19, 1919-20, 1920-21, 1921-22, 1922-23, 1923-24 e 1924-25; A B Conto consuntivo dell'Eritrea per gli esercizi finanziari 1925-26, 1926-27, 1927-28, 1928-29 e 1929-30; Conto consuntivo della Eritrea per l'esercizio finanziario 1930-31; B Relazione della Corte dei conti sul conto consuntivo e sul conto patrimoniale della Eritrea per l'esercizio finanziario 1932-33 / A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1932-33; B Relazione della Corte dei conti sul conto consuntivo e sul conto patrimoniale della Eritrea per l'esercizio finanziario 1933-34 / A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1933-34; A Conto consuntivo dell'Eritrea per l'esercizio finanziario 1934-35.

Between 1914 and 1928 the state contributed with greater transfers; at the same time, the revenues of the Colony increased. From

1929 on, the transfers of the state grew, and increasingly so in the year preceding the proclamation of the empire. It could be suggested that the transfers increased to accelerate the “construction” of the empire and to support the propagandistic ideas of the Fascist dictatorship.

In Italy, there was a constant demand for land owing to high population density and unemployment. This demand was to be met through colonisation of the best land in the territories that Italy controlled, a dynamic referred to in Italy as *demographic colonialism*.

Colonialism and emigration were central to Italy’s overseas policy.²² Unfortunately, the available sources only allow us to evaluate the general trends of emigration to Africa. Specifically, we can say that, from the beginning of the colonial adventure until the end of the twenties, the average national figure hovered around 1.7 per cent per year.²³ Eritrea and the other Italian colonies became settled colonies in the 1930s, with an Italian community that, on the eve of the Second World War, accounted for as much as 10 per cent of the colony’s population. Figure 2 shows Eritrea’s population trend from 1905 to 1939. Tekeste Negash observes that this demographic increase was driven by the impact of the Italian population.

Stephen C. Bruner describes how the plan to settle southern Italians in Eritrea was conceived in the 1890s by the Italian politician Leopoldo Franchetti (Bruner, 2009). Land had been reserved for settlers, but emigrants were not forthcoming. In 1893, Bruner reports, Franchetti had organised a prototype settlement with ten families from a non-rural background.²⁴ While an Italian news correspondent gave a cautious and negative report, Franchetti was satisfied that the experiment had been a success.²⁵ However, by 1910, the Governor of Eritrea conceded that the efforts had failed.²⁶ Nicola Labanca estimates that only 2,000 Italians settled in Eritrea between 1885 and

²² Calchi Novati and Valsecchi, 2005, p. 238.

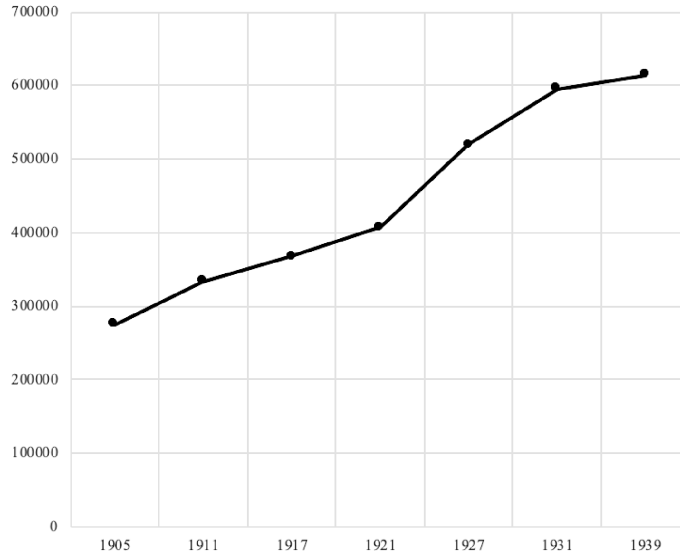
²³ Labanca, 2002, pp. 390–391.

²⁴ Bruner, 2009, p. 82.

²⁵ Bruner, 2009, p. 83.

²⁶ Bruner, 2009, p. 72.

FIGURE 2
Population of Eritrea (census years)



Source: Data compiled by Tekeste Negash, 1987. Podestà, 2002.

1896, while in 1896 alone 300,000 Italians settled elsewhere. It is estimated that the Italian population in Eritrea was about 4,000 on the eve of the Great War and did not exceed 5,000 until 1930. However, by 1941, the Italian population had increased to 70,000.²⁷

In the five years preceding the Second World War, the Italian colonies became the targets of demographic imperialism. After having played a mainly strategic function in the Italians' advance towards the plateau, once the Ethiopian Empire was conquered, Eritrea was converted at the end of the 1930s into a "settlement colony" (Tekeste Negash, 2004, p. 417).

Certainly, the data look less impressive compared to the near-million French who settled in Algeria. However, the number of Italians who emigrated to the colonies was quite considerable in such a

²⁷ Fullerton Joireman, 2000, p. 76.

short time span. The sharp increase was largely due to economic problems in Italy and to the propaganda of the Fascist regime.²⁸

During this period, colonial agrarian policy swung from the “settler” to the “capitalist” model.²⁹ In Eritrea, in 1890, Italian agrarian policy pledged small holdings in concession to families that would receive assistance from the state in order to create a vast and stable rural population. The expected inflow failed to materialise, and the focus shifted, instead, to state-owned companies operating with public funds that would dramatically increase over time.³⁰ There was a substantial increase in cereal production, derived from the areas farmed by both European colonists and by the locals, which allowed the colony to be self-sufficient in cereals.³¹ Additionally, efforts were made to produce cotton and coffee for export to Italy. A fairly reliable contemporary source on agricultural production in Italian East Africa is the Ministry for Italian Africa at the Supreme Defence Commission:³² an important source because it measures production also in terms of internal needs. Despite the investments and the policy of autarky, agricultural output, though improved compared to the past, was still far from satisfying those needs. Coffee production (considering Eritrea within Italian East Africa – the official name of Italy’s colonial possessions in the Horn of Africa, proclaimed by Benito Mussolini on 9 May 1936 after the conquest of Ethiopia, joining together the annexed Empire of Ethiopia and the colonies of Eritrea and Somalia – though excellent when measured against the local need, was significantly lower than independent Ethiopia’s estimated production of at least 350,000 quintals, of which over 200,000 were exported.³³

²⁸ Bruner, 2009, p. 82.

²⁹ Calchi Novati and Valsecchi, 2005, pp. 235–236.

³⁰ Calchi Novati and Valsecchi, 2005, p. 253.

³¹ Podestà, 1998, p. 177.

³² MAI, Commissione Suprema di Difesa, XVIII sessione, febbraio 1941, XIX, Argomento n. 5. Terre italiane d’Oltremare autonomia economica e militare. Relazione dell’Ecc. il Ministro per l’Africa Italiana, Astorico del Ministero dell’Africa Italiana presso l’Archivio Storico Diplomatico del Ministero degli Affari Esteri, Archivio Segreto di Gabinetto del Ministero dell’Africa Italiana, b. 276.

³³ Podestà, 2004, p. 302.

Among the main traditional land systems were *resti*, *diesa* and *gulti*. A shared feature of the first two is that of separating the ownership of the asset from the right of use: the former is community, while the latter is individual. The *diesa* is configured as a community property at the village level: the land, while remaining the common property of the group, is divided and assigned in rotation to the families of the village, on the basis of individual and family status. The *resti*, operating at family level, derived from the first settlement of a person in a given territory, passed on to subsequent generations. Finally, the *gulti* land regime was introduced in Eritrea by the Ethiopian emperors in the sixteenth century, when they began to grant lands to their soldiers and supporters and to found monasteries and convents.

During the colonial occupation, Italian land policy was initially to eliminate traditional regimes by replacing them with legislation that allowed settlers to appropriate fertile lands. Later, Royal Decree no. 23 of 19 January 1893 made the entire territory of the colony the property of the state. Land expropriations began to encourage the arrival of Italian settlers.

However, some traditional local rights were recognised: the lands subjected to the regimes of *resti* and *diesa* were spared from expropriation. Work also began on drafting a civil code for the Eritrean colony, based on the collection of the practices and institutions most similar to European law and most suitable for the purposes of the colony, but the code never saw the light.³⁴

In a move not uncommon in colonial times, the Italians restricted land ownership to Italians alone, to launch a policy of valorisation of the agricultural sector. Most other land was claimed as “state” land, where pastoralists could herd their livestock. The Italians also viewed the *risti* system as undesirable on grounds of productivity.

³⁴ De Magistris, 2020. See also Fullerton Joireman, 2000, pp. 72-73. See Donald Crummey (2000) and Mantel-Niecko (1980). For a detailed analysis of the land tenure system in the Eritrean highlands immediately before the advent of the Italians, see Irma Taddia in Aethiopica (2009) among others

Its inheritance structure tended to diminish individual land holdings, giving rise to a worrisome frequency of litigation over land rights. The Italians thus suspended the *risti* system and favoured the *diesa* system. In this regard, Bellucci and Zaccaria (2014), among others, have explored the complex issue of ownership and the changes in the land tenure system and labour.

These institutional changes “gave higher security to the Italians, who might be farming cash crops. They also reduced the security of Eritreans in the same area.”³⁵ Thus, while the arrival of settlers in numbers eventually led the Italian colonial authorities to invest in institutional change, these changes were not “productive” for native Eritreans. This communal system endured in Eritrea into the 1990s,³⁶ so that the turn away from private tenure was significantly longer-lasting than the Italian presence itself.

Following the Second World War, expropriations continued during the (short) period of British administration. In 1952, the United Nations supported the federation between Eritrea and Ethiopia. However, the federation was short-lived: in 1962, the emperor of Ethiopia, Haile Selassie, dissolved it and declared Eritrea the fourteenth province of Ethiopia. In 1960, Ethiopia adopted a civil code, drawn up with the help of the famous jurist René David and inspired by French law. Land matters were regulated and significant innovations were included, mostly taken from the code civil. The Ethiopian civil code, however, was a partial failure, lacking support from the local population, while traditional land systems continued to be applied.

Following the Ethiopian coup in 1974, which saw the deposition of the Emperor, the new government decided to adopt the principles of socialism. In 1975, the Public Ownership of Rural Lands Proclamation repealed (at least on paper) traditional land regimes, declaring all agricultural land “property of the people.”³⁷

³⁵ Fullerton Joireman, 2000, p. 78.

³⁶ Fullerton Joireman, 2000, p. 85.

³⁷ De Magistris, 2020.

However, this reform, too, had little success, especially in Eritrea. This was due to the hostility of the population to the regime, the strength of traditions, and the control of the land by the liberation forces. Eventually, in 1990 Mengistu abandoned the socialist land system in favour of a mixed economy, which reintroduced private property.

The independence of Eritrea was officially declared on May 24, 1993. The Land Proclamation of 1994 contains the basic rules regarding land. It brought further changes to the land regime, overcoming once again the traditional system and entrusting the entire territory of the country to the state.

2. Commerce in Colonial Eritrea

Giampaolo Calchi Novati observes that Italian rule gave “little or no attention to the rights and expectations of the Eritrean people as such,” which has meant that the relationship between Italy and Eritrea was strained.³⁸ In Italian scholarship on the history of Italy's colonies in Africa, there has been “very little research on the relationship between colonialism and the economy, with reference to Italy's economic and social situation at that time; its level of development and its weak standing in the international division of labour; the relationship between this condition and colonialism; the economic and demographic reasons; its business undertakings and trade; the effective investments and their results; the economy of colonial possessions; etc.”³⁹ An important study on Italian investments in East Africa by Gian Luca Podestà allows us to evaluate the

³⁸ Calchi Novati, 2004. p. 122. On this subject, see also: Zaghi, 1934; Ciasca, 1940; Kennedy and Trevaskis, 1960; Taddia, 1974, pp. 42-78; Taddia, 1990, pp. 157-170; Ylenam Mesgheima, 1988; Pateman, 1998; Triulzi, 2002, p. 10.

³⁹ Maggi, 1996; Mauri, 1967; Mauri and Caselli, 1986; Tuccimei, 1999; Maione, 1991, pp. 400-420. On the exorbitant state expenditure by the anti-colonialists and the importance of economic questions in the debate on colonialism in the press at that time, see Pescosolido, 1973, pp. 675-711; 1983, pp. 523-544. See also Podestà, 1996; 1998, pp. 147-189; 2004.

economic implications of the Italian colonial experience.⁴⁰ It sheds light on aspects of the colonial question as assessed by Italian capitalists and, importantly, on the actual investments made by Italian capitalists in that period.

As already noted, the Italian occupation of Massawa expanded the opportunities for Italian colonialism, especially with regard to trade. Its main purpose was to procure a new market for Italian companies, and, for this, occupation of Massawa, arguably the most important port in the Red Sea and a centre of trade for (among other areas) Abyssinia and the interior of Africa, was ideal. It was hoped that, as ties developed with Abyssinia, the inhabitants of the latter would become consumers of Italian products.⁴¹

However, due to a shutdown of communications with Sudan and the military operations against Abyssinia, trade within and through Eritrea remained very limited – confined to imports to the Eritrean market that supplied the army. The main exports to Italy were mother-of-pearl from the Red Sea, hides, ivory, and civet.⁴²

Apart from the vessels that the government chartered for the army's needs, there was no direct and systematic link between the mother country and the colony. This made trade between the two extremely costly and unreliable, undermining the growth of regular commerce between Italy and the colony. Table 2 shows the trade flows and suggests a strong link with population trends. Both imports and exports rose with the arrival of Italian settlers. This pattern is also reflected in the types of products traded and of firms established to meet the Italian demand. The primary destinations for exports were Italy (60%) and India via Aden, in Yemen.⁴³ Foodstuffs accounted for the bulk of exports, the remainder consisting of raw materials and flock.⁴⁴

⁴⁰ Podestà, 1998, p. 149.

⁴¹ Direzione centrale degli affari coloniali del Ministero degli affari esteri (edited), 1907.

⁴² Alamanni, 1891, pp. 240-241.

⁴³ Historical Archive of the Bank of Italy, Banca d'Italia, Studi, Pratt. no. 538, fasc. 3, p. 13.

⁴⁴ Historical Archive of the Bank of Italy, Banca d'Italia Affari coloniali, Filiali Coloniali

TABLE 2
Imports to/Exports from Eritrea in thousands of Italian lire at constant prices
(including exports to Ethiopia via Massawa)

Year	Imports to	Exports from	Year	Imports to	Exports from
1900	9,376	2,745	1917	50,089	26,158
1901	9,342	2,759	1918	103,811	85,254
1902	7,990	2,711	1919	95,536	37,663
1903	9,037	4,077	1920	95,185	67,263
1904	10,725	5,763	1921	61,862	33,998
1905	12,909	6,772	1922	87,781	31,623
1906	12,181	4,226	1923	106,294	40,394
1907	12,728	4,310	1924	146,129	87,901
1908	11,433	5,622	1925	203,453	119,462
1909	20,378	9,997	1926	171,789	97,854
1910	20,230	11,135	1927	201,536	81,566
1911	20,512	11,470	1928	195,627	93,712
1912	24,079	14,606	1929	207,503	72,499
1913	23,349	14,485	1930	176,814	76,219
1914	29,433	13,113	1931	185,825	69,063
1915	29,469	19,850	1932	173,035	59,194
1916	21,614	11,868	1933	176,563	62,490

Source: Data compiled by Tekeste Negash, *Italian Colonialism in Eritrea, 1882-1941. Policies Praxis and Impact*, Uppsala: Uppsala University Press, 1987, p. 181.

The main business projects in those years related to military requirements in the colony. They included ice manufacturing, milling for the cereals purchased in Asia by the army, and commerce in building materials. Italian companies did not derive much benefit from colonial policy, with the notable exceptions of Navigazione Generale Italiana and Pirelli. In addition to receiving subsidies to ensure sea communications with the colony, the former profited significantly from the military expeditions of 1887-88 and 1895-96,

e Dalmate pratt. n 9356, f. 51, *Relazione annuale filiale di Asmara 1936, 1939, and Atti parlamentari Legislatura XXVIII sessione 1929-32, Camera dei Deputati, Relazione della giunta generale del bilancio sul disegno di legge presentato dal ministro delle finanze Mosconi alla presidenza, il 29 gennaio 1932, p. 36.*

when the state chartered a large number of ships to transport troops and materials.⁴⁵ The latter obtained a contract to lay submarine telegraph cables to connect Massawa, Assab, and the island of Perim, which became the transit point for the international cable.⁴⁶

On 21 November 1897, Ferdinando Martini was appointed Royal Commissioner for Eritrea,⁴⁷ an act that formally instituted a veritable civil government in the colony. Martini tried to put the mining and agricultural resources of the area to good use, promoting numerous industrial undertakings with the cooperation of Italian and British investors.⁴⁸ Mining was expected to be the most promising sector, but the mining company Società Perilifera Italiana did not manage to break even and was eventually liquidated. Gold concessions, instead, were awarded to Società Eritrea per le miniere d'oro.⁴⁹ The only significant success was achieved in the salt industry, where, Podestà tells us, new salt companies sprang up in the 1920s and operated alongside Società Italiana per le Saline Eritree.

There is no doubt that the colony made significant economic progress between 1898 and 1914. However, the failure of the more ambitious initiatives (gold and cotton) showed that there were still unsolved issues within the colony. The main problem was logistical; while shipping improved slightly, the lack of modern rail lines and the slow pace of railway construction made high costs a fixture. "The small amount earmarked for investment outlays in the colonial budget was insufficient to equip Eritrea with the necessary infrastructures to exploit its limited resources."⁵⁰

Another reported problem was the recruitment and cost of

⁴⁵ Podestà, 1998, p. 167.

⁴⁶ *Ibidem*

⁴⁷ Ferdinando Martini was governor of Eritrea from 1897 to 1907. On 1 March 1923 he was appointed senator of the Kingdom of Italy. Martini was Minister of the Colonies in the first and second Calandra governments and Minister of Education in the first Giolitti government (Aquarone, 1977, pp. 341-427; 1975, pp. 346-377).

⁴⁸ Podestà, 1998, pp. 176-177.

⁴⁹ Zaccaria, 2005, pp. 65-110.

⁵⁰ Podestà, 1998, p. 181.

labour. Salaries for technicians and specialised personnel sent from Europe were predictably high. More surprising was that “wages for local workers were high due to the low population density and low propensity of natives to perform the tasks required by those firms. This added substantially to operating costs.”⁵¹ This claim by Podestà is counterintuitive: while the total population in Eritrea was low, land was scarce even before the Italian settlers arrived. The increase in land scarcity should have made labour available at relatively low rates, but, unless the high wages can be explained by other factors, it appears that the land appropriated by Italian settlers did not drive local wages down sufficiently, at least from the perspective of Italian entrepreneurs. Thus, Italian colonisation had non-progressive effects on both land and labour. A turn towards a free market in land was reversed, while extensive land expropriation did not contribute to the formation of an efficient labour market.⁵²

Italian undertakings were more successful in trade. Thanks to the impetus provided by Società per il Commercio con le Colonie and other national shippers, 1905 witnessed the start of a continual growth in cotton textile exports to the colony, which would beat out competition from Britain and France. Eritrea became the fourth largest market for Italy's cotton industry, after Argentina, the Ottoman Empire, and Egypt.

During World War I, most business undertakings came to a halt. While the war boosted the strategic importance and supply function of Eritrea and Somalia, the large companies that acted in concert with the expansionistic government activities experienced trouble during this period. Nevertheless, many small and mid-sized firms – mostly involved in shipping, trade, the manufacturing of consumer goods, and the purchasing and processing of local and imported agricultural products – weathered the crisis.

The war also changed trade patterns between Italy and its colonies, as exports to Eritrea and Somalia decreased and imports

⁵¹ Podestà, 1998, p. 182; see also Podestà, 2004, pp. 329-360.

⁵² Bellucci and Zaccaria, 2014, pp. 89-106. See also Bellucci, 2014, pp. 294-308.

from those colonies rose. However, this increase in imports was only temporary and lapsed with the end of the war.

3. Eritrea and the Italian Empire

The Italian colonisation efforts intensified. "The regime founded by Benito Mussolini, after he had been appointed prime minister in 1922, gathered and coordinated – in a mix of uncouthness and prevarication – ideological suggestions and ambitions of power [...] the illusion to find plenty of land to colonise."⁵³ Moreover, "besides allegedly favourable political and diplomatic conditions, the aggression against Ethiopia was justified, at a time of financial difficulties due to the international crisis, with the need to reorganise our colonial system in order to obtain greater economic and strategic benefits."⁵⁴ Forty years after the first battle of Adwa, the Italian army entered Adwa on 5 May 1936. Four days later, Mussolini proclaimed the foundation of the empire.⁵⁵

What were the economic and institutional implications for Eritrea? In the agricultural sector, the previous strategy was reinforced with the aim of intensifying the production of commodities that were in demand abroad. Coffee production was specifically targeted, as was animal husbandry, with great emphasis placed on wool and hide processing. In the manufacturing sector, the linen, castor oil, and rubber industries were developed.⁵⁶ In mining, intensive exploration was undertaken.⁵⁷

The colony's economy depended on the expansion of the road system and public works. Before Italy entered the Second World War, the Ministry of Popular Culture published a guide to the administrative and economic activities of the empire concerning Italian

⁵³ Calchi Novati and Valsecchi, 2005, p. 246.

⁵⁴ Calchi Novati and Valsecchi, 2005, p. 250.

⁵⁵ Calchi Novati and Valsecchi, 2005, p. 250.

⁵⁶ Labanca (2002), pp. 267-286.

⁵⁷ Ministero Cultura Popolare, 1938-39, p. 15.

East Africa.⁵⁸ This guide listed the firms authorised to operate in Italian East Africa by activity and location.

The guide described how emigrants to Italian East Africa wanting to engage in business had to apply to their local provincial council of the corporations and submit their application to the Ministry of Italian Africa, the General Government, or one of the governments of Italian East Africa. It contained all the decrees and regulations for the different areas of activity, from land management to agriculture to industry. Table 3 presents a summary of the authorised firms according to the ISIC classification. Most of the firms were in the service sector. There were not many industrial firms and even fewer agricultural firms. While there were businesses dealing in staple goods, those that provided luxury goods focused on serving the local Italian community.

Furthermore, the Italian government was responsible for the numerous incentives and contributions to settlers and businesses that decided to locate in the territories of Italian East Africa and in particular in Eritrea, as well as the payment of current expenses of colonial administrations only partially covered by their own tax revenues.⁵⁹

TABLE 3
Number of authorised Italian firms, 1938-39

Sector	Eritrea	Addis Ababa	Amara	Galla and Sidama	Harar	Somalia	Total
Agriculture	1,030	123	49	88	10	132	1,432
Mining	49	9	3	92	–	13	166
Manufacturing	420	123	28	29	23	133	756
Electricity	223	57	13	2	6	59	360
Construction	424	110	37	9	21	125	726
Trade	525	129	105	128	20	180	1,087
Transport	1,289	152	58	48	22	211	1,780
Finance	231	46	16	13	14	76	396

Source: Data processing from Ministero Cultura popolare, 1938-39.

⁵⁸ Ministero Cultura Popolare, 1938-39, p. 15.

⁵⁹ Toniolo, 1980, p. 334.

The Governorate of Eritrea attracted the largest number of firms, partly because it was the oldest colony. A survey was conducted in December 1947 to provide an overview to United Nations delegates who had been sent for an inspection. By that date, the number of firms in Eritrea had fallen to 1,611 (including artisanal firms, which had not been counted in a previous survey), suggesting that the share of industrial firms was most likely insignificant.⁶⁰

The number of Italians residing in Eritrea/Ethiopia fell from 18,000 in 1952 to about 7,000 in 1962 (the products imported and exported from Eritrea were primarily Italian) and were concentrated primarily in Addis Ababa.⁶¹ Of the 51 factories that were nationalised in 1975 under the Derg regime, seven had been established before 1942. Among extractive industries, Agip (Azienda Generale Italiana Petroli) drilled three wells between 1938 and 1940.⁶² Their profitability is not clear, but, according to Spencer, they were an important issue in discussions of the political takeover of Eritrea by Ethiopia following the war. Royal Shell was ultimately awarded the rights.⁶³

Spencer's findings, confirmed by the data collected by the local managers of the branches of the Bank of Italy, indicate the lively activity of small and medium-sized enterprises.

On the colonial industrial legacy, it is possible, in summary, to say that Eritrea became completely dependent on Italy and that, for Italy, Eritrea was a source of raw materials, a commercial outlet for Italian products, and a reserved territory for Italian settlers.⁶⁴ It has been noted that Italy invested a considerable amount of capital to build roads, railways, cities, airports, telegraph and telephone com-

⁶⁰ Historical Archive of the Bank of Italy, Banca d'Italia, Studi, pratt. n. 520, fasc. 1, *Relazione sull'Andamento dell'Economia Eritrea Durante l'Anno 1950 e sull'Attività Svolta dalla Filiale nel Periodo 1 Dicembre 1949 - 30 Novembre 1950*, p. 865. See also Strangio, 2009, p. 29.

⁶¹ Strangio, 2009, pp. 39-40. See Fauri, 2015, pp. 34-62.

⁶² Tesfagiorgis, 1993, p. 249.

⁶³ Spencer, 2006, p. 246.

⁶⁴ *Ibidem*.

munications, military installations and other infrastructures, but that these were geared towards the needs of the Italian settler community.⁶⁵ Further, industrial efforts were limited, and those that were undertaken were mainly devoted to the underlying strategy of invading Ethiopia.⁶⁶

4. Conclusion

This article has examined Italian colonial business activities, with a focus on Eritrea. During the period considered, there was a considerable level of entrepreneurial liveliness in Eritrea. From the comparative perspective, within the framework of Italian colonialism Eritrea was very important, and Italy committed very substantial resources to it. Throughout the period of Italy's presence in Africa, Eritrea was the only colony where Italian colonialism was able to deploy its resources. Colonisation in Libya was accelerated by plans launched in 1928 and again in 1938, when a mass emigration programme was implemented. This programme was curtailed due to financial and logistical difficulties and was finally suspended in 1940, when Italy entered the war.⁶⁷ The Governorate of Somalia was considered the second most important in the empire (in terms of registered Italian firms), even though it was the latest addition. Using the number of operational firms as a metric, the Governorate of Addis Ababa, where the Italian presence was short lived, was the least important.

⁶⁵ Labanca, 2002, p. 307. See also De Courten, 1989.

⁶⁶ Tesfagiorgis, 1993, p. 189. See also Alemseged Abay's study (1998) of modern ethno-regional nationalism. The author examines the divergent paths taken by the nationalist insurgencies in Tigray and Eritrea. Both fought against a common enemy, an oppressive Amhara ethnic state, for a period of seventeen and thirty years, respectively. It is interesting because in the process of the armed struggle, they developed separate political identities and, after jointly marching to military victory in 1991, their political paths separated: Eritreans created the newest state in Africa, while Tigrayans remained within the Ethiopian body politic.

⁶⁷ Calchi Novati and Valsecchi, 2005, pp. 252-253.

Italy's colonies in Africa were generally regions that had few natural resources and thus presented little opportunity for the colonial power to accumulate wealth merely by taking them over. Italy was a latecomer on the stage of colonialism; it is striking that its occupation of its African possessions took place in the interwar period, when worldwide colonialism was otherwise receding.

Production and commerce faced severe constraints. Italian policy was not effective in overcoming these – especially the hostilities with Ethiopia and Sudan. If Italy was to benefit from its colonies, it had to commit substantial capital to infrastructure investment. One factor of production, which Italy was very willing to commit, was labour, and the colony served as an outlet for demographic pressure.

As a latecomer to the Scramble for Africa, Italy had only relatively resource-poor territories to pick from. This forced it to commit resources to a more “productive” approach to colonial rule. But the colonial expenditures served the Fascist regime in Italy more than the country's colonies, and the predicted turnaround for Eritrea did not materialise on that account.

Initiatives to introduce European business models to Eritrea were also unsuccessful. The capacity to produce and extract was limited by the availability of capital. The main factor of production in Italy was labour, and the typical Italian business was small and labour-intensive – a model applied to agriculture, manufacturing, and services alike. This model was replicated in Eritrea with an emphasis on services. Eritrean labour was, however, too scarce and expensive for the new Italian entrepreneurs, despite extensive land expropriation, making the Italian entrepreneurial model unsuitable for Eritrea. Moreover, the first reports on the settlers' progress were dismal, and settler colonisation got off to a slow start. It must also be kept in mind that the period of Italian colonial rule was short, and that Eritrea was ruled for eleven years by a British military administration and then federated to Ethiopia in 1952, subsequently annexed by Ethiopia in 1962, before achieving independence in 1993.

Small and medium-sized enterprises were active in Eritrea but inherently limited by their scale: the sectors in which they were most

numerous and had the largest amount of capital invested were road haulage, followed by construction. Most of the industries that arose in Eritrea during Italian East Africa were, however, in the start-up phase, so much so that the first measures adopted in the summer of 1939 for the rationing of raw materials and fuels greatly hindered the continuation of productive activity. The Eritrean and Italian East African economies were still largely dependent on state spending.

The collection of local data represents one of the new frontiers of African economic history.⁶⁸ Future data collection efforts are bound to yield more systematic information, giving us a more comprehensive understanding of the institutions that governed African populations under colonial rule. Such research should not be restricted to tax revenue. Writing more generally about the economic history of state institutions, Hoffman (2015, p. 327) notes that courts, government spending, and other services “cry out for study”, along with taxation. The extent to which native authorities helped shape the “uneven institutional topography” of local African political organisation today remains largely unknown.⁶⁹

The institutional heritage of Italian colonialism in contemporary Eritrea cannot be overestimated, or at least should be explained in light of the heritage of successive administrations. Looking at path dependence, the history of land law in Eritrea entails a succession and overlapping of various legal traditions on the matter, rules originating in the territory, rules of religious origin (Coptic Christian and Islamic), Italian colonial law (directly imported from Italy at first, ad hoc colonial legislation subsequently), legislation in force during the British interregnum, Ethiopian land law (during the annexation), measures issued during the war of liberation and, finally, the land

⁶⁸ The paper by Bolt and Gardner (2020) presents new data on the structure and capacity of native authorities for four British colonies: Nigeria, the Gold Coast (now Ghana), Nyasaland (now Malawi), and Kenya. It uses these data to argue that the interaction of colonial officials and African elites during the colonial period created substantial variation in colonial institutions both within and between colonies. There may be questions about how far their findings for four British colonies can be generalised to other parts of Sub-Saharan Africa.

⁶⁹ Boone, 2003, pp. 37-38.

law of the Eritrean state. For instance, the reintroduction of the *gult* system and associated landlord-tenant relationship in several parts of Eritrea after 1952 was connected to the Ethiopian Empire's attempt to buy the political support of several rural constituencies. The introduction of state ownership of the land in 1975 was strictly connected to the vicissitudes and the ideological turn of the Ethiopian revolution. Further, Eritrea's comparative advantage in access to the Red Sea and the Suez Canal has been a defining theme in its history, before and after the Italians.

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