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AMGOT, FINANCIAL PLANNING-
DEC. 1941; JULY 1942;
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PROPERTY CONTROLLER.

1. DUTIES.

The duties of the C.P. will be the following:-

- (a) The C.P. will be responsible for the custody of:-
 - (i) Property of Allied Governments or nationals sequestered by the Italian Government.
 - (ii) Enemy state property not in custody of some other branch of the Armed Forces.
 - (iii) Such abandoned property or property belonging to absentee owners of which no representatives can be found in the Occupied Territory as the C.C.A.O. may direct.
- (b) He may also be required to take into his control, when directed to do so by the C.C.A.O.:-
 - (i) Any property the control of which is in the opinion of the C.C.A.O. essential to the needs of the Allied Forces or inhabitants of the Occupied Territory.
 - (ii) The property of any person, company or institution whose activities are deemed by the C.C.A.O. to be prejudicial to the safety of the Allied Forces or of public order.
- (c) He will also assist all branches of the Allied Forces to ascertain secure and take possession of any enemy state property susceptible of military use which they may require.

For the purpose of (a)(i) above, the term "Allied" will be deemed to include only the U.S.A. and the British Commonwealth nations, but may subsequently be extended by the C.C.A.O. to include all or any of the other United Nations.

With respect to (a)(ii), the term "enemy state property" includes all property owned, controlled or administered by any state at war with the U.S. or Great Britain and also that of companies, institutions or bodies in which any such state has any substantial interest or over which it exercises substantial control.

2. GENERAL DIRECTIVE.

ALLIED PROPERTY.

- (a) The C.P. will be responsible for the custody of:-
- (i) Property of Allied Governments or nationals sequestered by the Italian Government.
 - (ii) Enemy state property not in custody of some other branch of the Armed Forces.
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- (b) He may also be required to take into his control, when directed to do so by the C.G.A.O.:-
- (i) Any property the control of which is in the opinion of the C.G.A.O. essential to the needs of the Allied Forces or inhabitants of the Occupied Territory
 - (ii) The property of any person, company or institution whose activities are deemed by the C.G.A.O. to be prejudicial to the safety of the Allied Forces or of public order.
 - (c) He will also assist all branches of the Allied Forces to ascertain scope and take possession of any enemy State property susceptible of military use which they may require.

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With respect to (a)(ii), the term "enemy state property" includes all property owned, controlled or administered by any state at war with the U.S. or Great Britain and also that of companies, institutions or bodies in which any such state has any substantial interest or over which it exercises substantial control.

2. GENERAL DIRECTIVE.

ARMED PROPERTY.

As far as can be ascertained the Italian procedure for dealing with estates of enemy nationals and governments has been to appoint private persons as sequestrators, these sequestrators being obliged to account for the estates under their control to the Prefect of the Province in which they are situated. In the case of small estates the banks have assumed the function exercised by the sequestrator in the case of larger estates, the tenants of these properties paying their rents to a bank specified by the Prefect, the banks rendering periodical returns as well as paying certain living allowances agreed with the Prefect to any resident owners or their dependants. These are generally referred to as "blocked" estates.

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3. In accordance with Article IV of the Proclamation No. 6, P.C. will obtain from Public Officials and/or their nominees who have charge of the sequestrated estates of Allied Governments or nationals, records and full description of all properties under their charge. P.C. will formally take custody of these properties, the Declaration of Custody being published in the AMGOF Gazette. In cases where the sequestrator is, in the opinion of the P.C. a reliable and efficient person, the P.C. will appoint him as his agent for managing the property. In cases where the sequestrator is absent or has been found unreliable, the P.C. will either

- (a) take over the management of the property or
- (b) appoint an agent for this purpose.

Procedure (b) will be followed unless there are special conditions rendering it inapplicable. Where the sequestrator continues in office, it is desirable that the P.C. should not meddle with the detailed administration of the property and his direction should be confined to matters of policy only.

Sequestrators should not, however, be permitted

- (a) to dispose of or contract a charge upon land
- (b) to alter the object or legal form of the undertaking
- (c) to dispose of or liquidate any undertaking
- (d) to dispose of any capital assets except in the ordinary course of business
- (e) to contract new leases without the consent of the P.C. or his assistant.

The former sequestrator if he continues to administer the property on behalf of the P.C., will be entitled to a fee computed on the same basis as his pre-occupation remuneration, unless or until contrary instructions are issued, and the said fee will be a charge against the estate. If another agent is appointed his fee will be agreed with the P.C. on the basis the fee to which the former sequestrator was entitled.

4. In the case of property of Governments or nationals of Allied Nations other than the U.S. and The British Commonwealth of Nations, the Italian regulations regarding sequestration, etc. will remain in force until repealed in whole or in part. If, therefore, the sequestrator of any such property is absent, the P.C. will have to assume responsibility for these properties. He will take them into formal custody and entrust their management to a sequestrator or trustee who will administer them according to the existing regulations. Sequestrators who are present will continue administering the property in their charge under the general supervision of the P.C., until the C.C.I.O. shall direct otherwise.

5. In the case of blocked estates (if any such exist in HOLLAND) the pre-occupation practice will initially be rendered impracticable by the closing of the banks and as it is impossible to foresee what banks will be reopened and where, it may be necessary for the P.C. to appoint a Trustee, (e.g. a local lawyer of good reputation) to look after these estates on his behalf, until such time as some bank can resume this function. The fee to be paid to the Trustee which will be a charge against these estates, will be agreed between the P.C. and the Trustee.

Procedure (b) will be followed unless there are special conditions rendering it inapplicable. Where the sequestrator continues in office, it is desirable that the P.C. should not meddle with the detailed administration of the property and his direction should be confined to matters of policy only.

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6. In all cases the P.C. will either make an inventory of the property on assuming custody or check the inventory furnished by the sequestrator. This inventory, which will include a description of the condition of the property, will be agreed with the future agent or Trustee appointed by the P.C.

7. All expenses for maintenance of Allied property taken in custody by the P.C. will be charged against the estates in question and normally the P.C. will not be permitted to employ public funds for this purpose unless expressly authorized to do so by the C.F.O. However, in cases of emergency where action has to be taken before there is time for obtaining authority from the Finance Division, the P.C. or his subordinate officer may expend a sum not exceeding.....in protecting any particular piece of

Allied property which in his opinion is of such sufficient value to render the ultimate recovery of the sum expended reasonably secure.

8. It will be possibly found that some owners of sequestered estates are still resident in HOLLAND and that in the past the sequester allowed them a bare living allowance out of the Estate Income. It can be anticipated that pending the return to them of their property, they will ask for either an increased living allowance by reason of the increase in cost of living or the payment to them of the whole of the estate income. In these cases, theoretically, the whole of the income over maintenance, administration and similar expenses can be paid to them but care should be taken to retain a reserve for contingencies particularly where buildings are concerned and where rents will remain practically constant but cost of repairs will possibly be increased three or four-fold.

9. Considerable difficulty may be experienced in the question of allowances to joint owners of the estate some of whom are present and some absent particularly when there is no written agreement between the joint owners as to their interests. In all cases of doubt reference should be made to the Legal Division.

10. In cases where owners are present in O.T. and claim for the restoration of their property this should not be returned to them until their title has been verified by the Legal Division.

11. On the outbreak of war, enemy owned companies or businesses were placed by the Italian Government under the control of a chief sequester resident in Rome who appointed local deputies to exercise this function. In assuming custody of the property of Allied companies it should be noted that the case of Allied Companies undertakings whose assets have been sequestered may present some difficulties. Here again a complete and detailed inventory should be prepared. Where these undertakings have been occupied or taken over by any branches of the Armed Forces and are subsequently surrendered by them, it would be advisable, if possible, to ask for their co-operation in protecting Allied property and in compiling an inventory at the earliest possible opportunity (e.g. a petrol depot belonging to an American or British concern which will in the first phase almost certainly have been taken over by D.A.D. S. & T. (P)). Moreover, in this and in other cases it is possible that an enemy company has been authorised by the Italian Government to use these installations and a representative of that company should therefore also be requested to assist in preparation of the inventory, if available. Also it would be advisable to check any inventories with those in the possession of the local sequester, if available.

12. P.C. will not, however, be responsible for recording any removal of or damage to property which may have occurred before he has formally taken custody.

13. ENEMY STATE PROPERTY.

Buildings.

- (1) MGOT departments will be responsible for compiling records, inventories, etc. of buildings occupied by them, and their contents. (A form of record is attached in Annex). Copies will be filed with the P.C. who will prepare the final declaration of custody which will be submitted in the above Gazette. P.C. will

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- (ii) The Advisor on Fine Arts and Museums shall be responsible for the preparation of inventories and records of such properties and shall file copies thereof with P.C. It would seem advisable that this be done before the reopening of such institutions.
- (iii) C.S.D. will be responsible for compiling records, inventories, etc. of State lands, forests, quarries, mines, etc. not occupied by the Armed Forces and buildings situated thereon. Records will be filed with P.C. who will take formal custody, the declaration of custody to be published in the AMGOT Gazette. Such records

to include inventories of all movable property such as furniture, machinery, livestock, growing crops, etc.

14. Properties owned by semistatal enterprises will be treated as State-owned and will be dealt with as above, the various departments of ANGOI which will be responsible for preparing records of all properties occupied by them over either by the Armed Forces or by any Division of ANGOI, the P.C. will be responsible for taking the necessary action.

15. Exchange of Information.

The C.P. will at the earliest opportunity provide the Armed Forces with as complete list as possible of State property which he proposes to take under his custody in order to enable them to occupy or seize such of it as they may require. It would similarly be desirable for branches of the Armed Forces who have occupied or seized State property (other than that of a strictly military nature) to furnish the C.P. with as complete a record as possible including date of occupation and the general condition of the property at the time of taking over.

16. Municipal Property.

Municipal Property is regarded as private property under international law, and as it is contemplated that municipalities as bodies corporate will not be dissolved, municipal property will be treated as private property whose owner is present. The P.C. will therefore not be responsible for taking it into his custody unless specially directed to do so by the C.O.A.O.

PRIVATE PROPERTY.

17. Abandoned Property.

The P.C. will only be required to take such abandoned property under his custody as is considered by the C.O.A.O. to be of importance either to the Armed Forces or to the economic or social welfare of the community.

18. However, it may be felt that there is some obligation on the part of the occupying power to look after the interests of those persons whom they compulsorily prevent by deportation, internment, etc., from looking after their own property. It would therefore be desirable to arrange with the Security branches of the Armed Forces that all internees should be given the opportunity of appointing representatives among the inhabitants of Occupied Territory with power to look after their property. The most convenient way of doing this would be to draw up in conjunction with a well-known Notary Public a form of power of attorney which would be distributed to O.S.C. internment camps for distribution to internees who wished to avail themselves of this privilege.

It is possible that there may be in the Italian Civil code a provision analogous to that contained in the French code civile under which the courts are empowered to appoint a trustee for abandoned property. If this is so, application may be made to the Procuratore del Re by the P.C. in order to avail himself of this opportunity.

19. In view of the extreme shortage of personnel, the object of the P.C. (except as otherwise directed) should be to take possession of the

with as complete list as possible of State property which he proposes to take under his custody in order to enable them to occupy or seize such of it as they may require. It would similarly be desirable for branches of the Armed Forces who have occupied or seized State property (other than that of a strictly military nature) to furnish the C.P. with as complete a record as possible including date of occupation and the general condition of the property at the time of taking over.

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19. In view of the extreme shortage of personnel, the object of the P.C. (except as otherwise directed) should be to hand over the management of estates, properties, etc. to a reliable local firm or person conversant with the type of business in question, subject to the conditions laid down in para. 3 above. The P.C. will, however, take formal custody of such properties and will be responsible for seeing that the agents appointed by him carry out their duties in a satisfactory manner. Cases, however, may occur in which the P.C. Division will have to take over the direct management of abandoned estates. Lands and buildings should be leased wherever possible. A form of lease is contained in Appendix A which should be used wherever suitable, the principle feature of which is the clause providing for re-entry being effected under an order of an officer of the Military Court. When fixing the rent, the chief consideration of the P.C. should be the preservation of the property. He should therefore be more concerned to

And a reliable tenant who will look after the property than to find a tenant who will pay a high rent, at any rate in the earlier stages of the occupation. Monies collected as rent may be used in order to effect repairs, etc., and it is important that the P.C. should establish for himself the reputation of a good landlord in order to facilitate the finding of suitable tenants.

20. The P.C. will have the following powers which he will exercise at his discretion, namely:-

- (i) Sell any part of the property which consists of perishable goods, produce, growing crops, stock-in-trade, furniture or other moveable property under his control whose value or physical condition is from its nature likely to depreciate.
- (ii) If the property is capable of being let, to let it.
- (iii) To pay any rates, taxes or other imports due in respect of the property.
- (iv) To pay any mortgage interest or other payments accrued on the property.
- (v) To pay any other sums necessary for the preservation of the property.
- (vi) To raise on the security of the property any sums required for its preservation.
- (vii) To enter into any contract and to execute any legal deed necessary for the exercise of any of the foregoing powers.
- (viii) If the property consists of a business, to carry on the business or to make arrangements for some other person to carry it on.
- (ix) Do all such things in relation to any private property which he takes under his control as would be done if he held a general power of attorney from the owner adapted to the circumstances of the case.
- (x) With the consent of the C.C.A.O. make payments from time to time out of the assets in his control to any dependents of the owner, when it appears that such dependents are without adequate means of support.

21. When the Armed Forces occupy abandoned property; in the case of (a) dwelling houses, hirings and/or U.S. Army Engineers should record dates of occupation and the initial occupying unit should prepare inventories of their contents. They should also, where possible, give some indication of its pre-occupation value. In the case of (b) industrial premises, hirings or U.S. Army Engineers should record dates of occupation and in conjunction with a technical unit, make an inventory of fixed and moveable plant.

22. If any of the moveable plant is seized or requisitioned by any branch of the Armed Forces the branch concerned will be responsible for making a record of the assets so appropriated. Copies of all records mentioned above should be forwarded to P.C. for filing but P.C. will not be held responsible for the accuracy or completeness of these records. C.P. will not be responsible for any property in the occupation of the Armed Forces. He will, however, collate all records supplied to him concerning abandoned property when it is finally derequisitioned. Normally the P.C. will in such cases take formal custody and

property under his control whose value or physical condition is from its nature likely to depreciate.

- (ii) If the property is capable of being let, to let it.
- (iii) To pay any rates, taxes or other imposts due in respect of the property.
- (iv) To pay any mortgage interest or other payments accrued on the property.
- (v) To pay any other sums necessary for the preservation of the property.
- (vi) To raise on the security of the property any sums required for its preservation.
- (vii) To enter into any contract and to execute any legal deed necessary for the exercise of any of the foregoing powers.
- (viii) If the property consists of a business, to carry on the business or to make arrangements for some other person to carry it on.
- (ix) Do all such things in relation to any private property which he takes under his control as would be done if he held a general power of attorney from the owner adapted to the circumstances of the case.
- (x) With the consent of the C.C.A.O. make payments from time to time out of the assets in his control to any dependents of the owner, when it appears that such dependents are without adequate means of support.

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23. From the point of view of the P.C.'s responsibility, abandoned industrial and commercial concerns may be divided into three categories:

- (i) small businesses and industrial undertakings of no particular importance in the economic life of the territory.
- (ii) medium or large size businesses and undertakings of interest to the civilian population but not of such a nature as to be taken over by the C.P.

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(iii) industrial concerns, etc., of vital interest to (a) the Armed Forces and/or (b) the essential economic needs of the territory.

With regard to (i), P.C. will have no responsibility even of record, except when otherwise directed by the C.C.A.O.

24. With regard to (ii) it is not expected that the number of enterprises of which no representative can be found will be great, but where directed to do so by the C.C.A.O., P.C. should take formal custody, the declaration being published in the AMGOT Gazette, but his responsibility in the conduct of the concern should be limited to making arrangements for leasing it at a rental, the lessee taking over the stock at a valuation at current wholesale prices but preferably by public tender, but if this is impracticable, by private arrangement. If the previous occupant was only a tenant of the premises and the lease has only a short period to run, then considerable difficulty may be experienced in leasing the premises. Action to be taken will depend upon the terms of the existing lease and conditions existing at the time.

25. When business undertakings are available for lease an inventory should be prepared by the C.P. and copies made available to prospective tenants. Before any undertakings of this nature are offered to any private lessee, the Armed Forces should be notified of their existence and given a prior opportunity to take them over.

If any unit of the Armed Forces intends to use any premises or works which have come into the custody of the P.C., they should be formally requisitioned from the P.C. A detailed inventory should be made jointly by the P.C. and a representative of the occupying unit and jointly signed. A report by one of the technical officers attached to the C.S.D. should also be prepared.

In cases where letting the business is impracticable, stocks should be sold and the premises with the tenant's fixtures where possible let. Industrial undertakings for which no lessee can be found should be placed on a care and maintenance basis. The C.P. has powers to raise loans on the security of the property for this purpose.

26. With regard to (iii), the C.C.A.O. may direct P.C. to take them under his control in which case they will normally be dealt with as indicated in para. 27 below.

27. PRIVATE INDUSTRIAL ENTERPRISES CONTROLLED BY THE P.C.

Private Industrial Undertakings operated under the supervision of the P.C.

(i) Businesses furnishing war material useful to the Armed Forces. It may be assumed that normally either the owners of these businesses or some authorized representatives will be present, but if this is not the case, the P.C. will take formal custody in the usual manner. If owners are present, he will merely take an inventory of the property taken over. If the property in question has been previously occupied by any branch of the Armed Forces, P.C. will ask for the cooperation of the occupying branch in making this inventory, which should be agreed and signed jointly. This inventory should include a list of any articles, machinery, etc. already removed by the Armed Forces. If the business in question has been in actual operation previous to occupation, the manager of the concern would normally be continued if acceptable to Security and deemed to be reasonably efficient. The direction will be placed in the hands of a person consisting of (a) one or more

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(ii) Undertakings, the control of which is vital to the needs of the civil population. These will be dealt with on similar lines to (i) where the circumstances are appropriate. Cases may, however, arise in which an entrepreneur

or a group of business are willing to carry on under ings of this character in which case the management will be entrusted to their hands, the function of supervision being assumed by the C.P. who will require them to submit to him personally such reports, accounts and production schedules as he shall deem appropriate. It may nevertheless be found that the undertaking in question cannot be carried on without incurring a loss, in which case the C.P. will arrange with the C.F.O. for the granting of any subsidies which may be necessary to carry the undertaking.

Finally, cases may arise in which the P.C. will not be able to find any entrepreneur willing to carry on the undertaking. He may therefore be directed by the C.C.A.O. to carry it on himself. In such cases it will be his duty to appoint a manager, and when the undertaking cannot be made self-supporting, to arrange with the C.F.O. for the granting of the necessary subsidies.

28. In all cases in which the P.C. takes control of any private industrial enterprises whether the concern is actually to be operated under his control and supervision or not, a balance sheet will be prepared at the earliest opportunity showing the position at the date of taking over by P.C. In cases where an enterprise is initially taken over by the Armed Forces and subsequently transferred to the custody of the P.C., balance sheets should likewise be prepared showing (a) the position as on the date on which the enterprise was taken over by the Armed Forces and (b) the position on the date of transfer. Pending the preparation of this balance sheet, the manager of the Co. should be instructed to make a detailed inventory of stocks and value off the accounts. Stocks should be brought in at stock or market value whichever is the lower, and the price at which such stock is sold to or requisitioned by Military will be the average pre-occupation lire price. These balance sheets will normally be prepared by the Companies' own employees but if these should not be available, then the P.C. should use his own Italian civilian staff which should include some experienced accountants, capable of this type of work.

29. Where the responsibility for supervising the operation of the undertaking is assigned to a division of ANCOI, other than that of the P.C., the operating Division will be responsible for furnishing C.P. with the necessary records upon taking over control in the shape of inventories, balance sheets, etc. and shall periodically submit further records showing what use or disposition has been made of these properties in such form as the C.P. may direct, e.g., if the operating Division should decide to remove any part of the fixed plant or machinery of any property for employment elsewhere, a certificate shall be forwarded to C.P. stating the disposition of the said plant or machinery, the reasons therefor and the book value of the assets transferred.

30. Other Property the control of which is assumed by C.P. on the direction of C.C.A.O.

With respect to the property referred to in 1 (b)(ii), unless such property is handed over to the control of the C.S. or any other Division of ANCOI for operation, it shall be dealt with in the manner of the property referred to in para 24, that is to say, C.P. will either lease it if it consists of real estate or an industrial or commercial undertaking or if this is impracticable, he will place it on a care and maintenance basis, or if the said property consists of moveable property, he will arrange for storage in all cases at the expense of the owner, or if deemed advisable, lease or sell the same.

31. SEMI-STATAL UNDERTAKINGS.

28. In all cases in which the P.C. takes control of any private industrial enterprises whether the concern is actually to be operated under his control and supervision or not, a balance sheet will be prepared at the earliest opportunity showing the position at the date of taking over by P.C. In cases where an enterprise is initially taken over by the Armed Forces and subsequently transferred to the custody of the P.C., balance sheets should likewise be prepared showing (a) the position as on the date on which the enterprise was taken over by the Armed Forces and (b) the position on the date of transfer. Pending the preparation of this balance sheet, the manager of the Co. should be instructed to make a detailed inventory of stocks and value off the accounts. Stocks should be brought in at stock or market value whichever is the lower, and the price at which such stock is sold to or requisitioned by Military will be the average pre-occupation lire price. These balance sheets will normally be prepared by the Companies' own employees but if these should not be available, then the P.C. should use his own Italian civilian staff which should include some experienced accountants, capable of this type of work.

29. Where the responsibility for supervising the operation of the undertaking is assigned to a division of AMGOT, other than that of the P.C., the operating Division will be responsible for furnishing C.P. with the necessary records upon taking over control in the shape of inventories, balance sheets, etc. and shall periodically submit further records showing what use or disposition has been made of these properties in such form as the C.P. may direct, e.g., if the operating Division should decide to remove any part of the fixed plant or machinery of any property for employment elsewhere, a certificate shall be forwarded to C.P. stating the disposition of the said plant or machinery, the reasons therefor and the book value of the assets transferred.

30. Other Property the control of which is assumed by C.P. on the direction of C.C.A.O.

With respect to the property referred to in 1 (b)(ii), unless such property is handed over to the control of the C.S. or any other Division of AMGOT for operation, it shall be dealt with in the manner of the property referred to in para 24, that is to say, C.P. will either lease it if it consists of real estate or an industrial or commercial undertaking or if this is impracticable, he will place it on a care and maintenance basis, or if the said property consists of moveable property, he will arrange for storage in all cases at the expense of the owner, or if deemed advisable, lease or sell the same.

31. SEMI-STATAL UNDERTAKINGS.

The term "semi-statal undertakings" is understood to include all enterprises and institutions not being the absolute property of the State, but in which the State has a substantial interest or exercises substantial control.

The P.C. will take formal custody of the property of all such undertakings which have not been taken over by other branches of the Armed Forces, but he will only be responsible for the actual management of such undertakings of this nature as the C.C.A.O. may from time to time assign to his control. Where semi-statal enterprises are managed or operated by other Divisions of AMGOT, his function will be confined to receiving and collecting records of the property taken over, such as inventories, balance sheets, etc. including records of disposal of plant and fixed assets, in the manner prescribed in para. 29 above.

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32. In respect of the semistatal enterprises, the control of which is not handed over to other Divisions of AMCOT, the C.P. may, as directed by the C.C.A.O., either (a) himself assume the management of the enterprise, or (b) lease the enterprise to a third party, or (c) place it on a care and maintenance basis. In all cases he will compile careful records of the property taken over, such as inventories, balance sheets, notes on the condition of the property, etc. and in the case of (b) require from the lessee such periodical returns as he may think fit. Should the C.C.A.O. desire that any semistatal undertaking which normally works at a loss, shall be continued to be operated by the P.C. for the benefit of the Occupied Territory, the P.C. will arrange with the C.F.O. for the benefit of assistance as may be necessary and will report to C.F.O. at frequent intervals concerning the financial position of the undertaking.

33. Any doubt as to the semistatal character of any enterprise will be referred to the Legal Division, e.g., schemes for land improvement, colonization, etc. It may be found that some of them are essentially "mixed" in character, whereas in others the participation of the state is limited to loans and subsidies for specific purposes. The former should be treated as State property, the latter as private, but in all cases decision should be referred to the Legal Division.

34. ORGANIZATION AND PERSONNEL.

The C.P. Division will be divided at HQ into two main Sections, one dealing with real property and the other with industrial and commercial business and enterprises. Each of the divisions will be in the charge of a A.C.P. (Major). Territorially HORRIFIED will eventually be divided into 4 Divisions each in charge of an A.C.P. (Captain) assisted by a Lieut. Records will be collated at the HQ of the Division in a section under a A.C.P. (Captain). This will entail the increase of the existing W.E. and T.O. by 3 Lieutenants.

The attached chart shows the proposed initial layout.

C. P. COLONEL.

PERSONAL ASST.
Lt.

ACCOUNTS
Finance Officer

D.C.P. - Lt. Col.

RECORDS
Captain

A.C.P. (Major)
Lands and Buildings.

A.C.P. (Major)
Industrial & Commercial Enterprises

District No.1

PALERMO.

ACP - Captain

DACP - Lieut.

District No.2

TRAPANI
AGRIGENTO
GALLARATSE

ACP - Captain

DACP - Lieut.

District No.3

MESSINA
ENNA

ACP - Captain

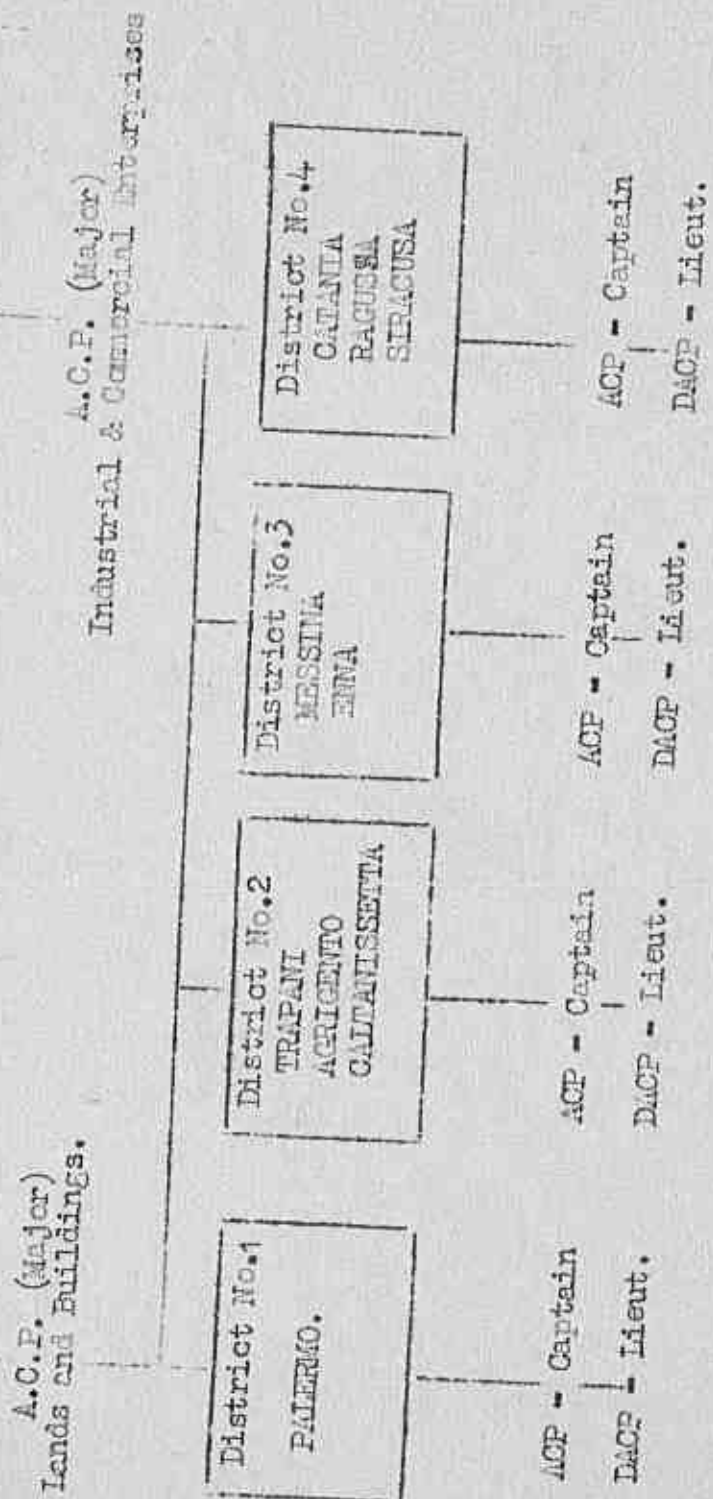
DACP - Lieut.

District No.4

CATANIA
RAGUSA
SIRACUSA

ACP - Captain

DACP - Lieut.



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Lt. Col. Gunston

PROCLAMATION NO.

MOST SECRET

CURRENCY AND EXCHANGE

I, Harold R. L. G. Alexander, G. C. E., C. S. I., D. E. O., M. C., General, General Officer Commanding the Allied Forces in Italy, and Military Governor of the Occupied Territory, hereby proclaim as follows:

ARTICLE IALLIED MILITARY LIRE

All Allied Military lire are hereby made legal tender in the occupied territory, and no person shall refuse to accept such legal tender for the payment of any amount.

ARTICLE IIEXCHANGE

Section 1. Rate of Exchange.—The rate of exchange between the Allied Military Lire and the Italian Lira shall be

1 Allied Military Lire = 1 Italian Lira.

Section 2. Exchange Obligatory.—Within the occupied territory every person in the business of banking or the exchange of money, on demand of any holder of Allied Military Lire, shall exchange such currency for Italian Lire in his possession at the rate mentioned in Section 1 of this Article without charging any commission or fee for making such exchange.

Section 3. Prohibition of other rates.—No transaction of any nature shall be entered into on the basis of a rate of exchange other than that stipulated in Section 1 of this Article.

ARTICLE IIIRETIREMENT OF CERTAIN CURRENCY AND COINS

Section 1. Date of Retirement.—Every company, institution, corporation, body or person within the occupied territory holding any United States yellow seal currency, United States coin, "British Military Authority" notes or British coin is required to deposit the same on or before 1943 with one of the open banks in the occupied territory, and will receive in exchange therefor Italian Lire or Allied Military Lire at the rate prescribed in the schedule to Proclamation No. 1.

Section 2. Cessation of Legal Tender.—Effective the beginning of 1943 United States yellow seal currency, United States coin, "British Military Authority" notes and British coin shall cease to be legal tender in the occupied territory and any company, institution, corporation, body or person holding any such currency or coin on or after 1943, without the express authority of the Allied Military Governor, shall not be permitted to use the same for any purpose.

All Allied Military lire are hereby made legal tender in the occupied territory; and no person shall refuse to accept such legal tender for the payment of any amount.

ARTICLE II

EXCHANGE

Section 1. Rate of Exchange. - The rate of exchange between the Allied Military Lira and the Italian Lira shall be

1 Allied Military Lira = 1 Italian Lira.

Section 2. Exchange Obligatory. - Within the occupied territory every person in the business of banking or the exchange of money, on demand of any holder of Allied Military Lira, shall exchange such currency for Italian Lira in his possession at the rate mentioned in Section 1 of this Article without charging any commission or fee for making such exchange.

Section 3. Prohibition of other rates. - No transaction of any nature shall be entered into on the basis of a rate of exchange other than that stipulated in Section 1 of this Article.

ARTICLE III

RETIREMENT OF CERTAIN CURRENCY AND COINS

Section 1. Date of Retirement. - Every company, institution, corporation, body or person within the occupied territory holding any United States yellow seal currency, United States coin, "British Military Authority" notes or British coin is required to deposit the same on or before 1943 with one of the open banks in the occupied territory, and will receive in exchange therefor Italian Lire or Allied Military Lire at the rate prescribed in the schedule to Proclamation No. 1.

Section 2. Cessation of Legal Tender. - Effective the beginning of 1943 United States yellow seal currency, United States coin, "British Military Authority" notes and British coin shall cease to be legal tender in the occupied territory and any company, institution, corporation, body or person holding any such currency or coin on or after 1943, without the specific authority of the Allied Military Government, shall be guilty of a violation of this Proclamation.

ARTICLE IV

PENALTIES

Any person violating the provisions of this proclamation shall, upon conviction by an Allied Military Court, be liable to imprisonment or fine or both, as the Court may determine, and any coin or currency involved in such violation may be forfeited and confiscated.

ARTICLE V

EFFECTIVE DATE

This Proclamation will become operative in each province or part thereof within the occupied territory on the date of its first publication therein.

Dated

1943.

H. R. L. G. ALEXANDER
General
General Officer Commanding
the Allied Forces and
Military Governor.

H. R. L. G. ALEXANDER
General
General Officer Commanding
the Allied Forces and
Military Governor.

Dated

1943.

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Memorandum to: Brigadier General McSherry.

RE/33.

9 July 1943.

Subject: Selling Imports below landed costs
financing Amman.

1. I agree with the policy of selling imported supplies to the population of Amman at the existing legal prices, even though the landed costs may be higher. To do otherwise would disrupt the program of maintaining existing legal prices. After we have had an opportunity to examine the facts on the spot we may wish to permit an increase in the legal prices in order to reduce hoarding and black market transactions. This, together with acquiring supplies in North Africa at a lower landed cost, will result in narrowing the gap between landed cost and the resale price. Furthermore, we must recognize that an important reason for landed costs being so high in terms of lire is that we have established a rate of exchange about 5 times higher than the official rate of exchange.

2. In a sense we will not be out of pocket in terms of lire by charging the public less than landed cost for the supplies. We propose to include the balance of the landed cost in the "consumption cost" account on the books of AMFA against which account we will pay out whatever A.M. lire are needed by the Allied Forces in Amman. Since our real costs for the imported supplies are in dollars or sterling, depending on whether the goods came from U.S. or U.K., we cannot expect to be really reimbursed for such costs if, as is the likely case, the people of Amman and the future government of Italy are without dollars or sterling for this purpose.

3. I am in agreement with the idea of extending financial assistance to the Amman to enable them to continue purchasing the crops from the farmers. We can see to it that funds are supplied from the private banks when they are opened and from AMFA or from AMFA Finance Officers during the early phase. No precise estimate can be made of the amount of funds needed for this purpose or for how long it will be necessary to extend such aid. However, it will be noted that as the Amman recall the crops, they will acquire funds for further purchases, so that they will need only a revolving fund and whatever subsidy is needed to bridge the gap between the price paid the farmers and the price at which the goods are resold.

Colonel,
C. F. O.

the legal prices in order to reduce hoarding and black market transactions. This, together with acquiring supplies in North Africa at a lower landed cost, will result in narrowing the gap between landed cost and the resale price. Furthermore, we must recognize that an important reason for landed costs being so high in terms of lire is that we have established a rate of exchange about 5 times higher than the official rate of exchange.

2. In a sense we will not be out of pocket in terms of lire by charging the public less than landed cost for the supplies. We propose to include the balance of the landed cost in the "occupation cost" account on the books of ANFA against which account we will pay out whatever A.M. lire are needed by the Allied Forces in North Africa. Since our real costs for the imported supplies are in dollars or sterling, depending on whether the goods came from U.S. or U.K., we cannot expect to be really reimbursed for such costs if, as is the likely case, the people of North Africa and the future government of Italy are without dollars or sterling for this purpose.

3. I am in agreement with the idea of extending financial assistance to the ANFA to enable them to continue purchasing the crops from the farmers. We can see to it that funds are supplied from the private banks when they are opened and from ANFA or from ANFA Finance Officers during the early phase. No precise estimate can be made of the amount of funds needed for this purpose or for how long it will be necessary to extend such aid. However, it will be noted that as the ANFA recall the crops, they will require funds for further purchases, so that they will need only a revolving fund and whatever subsidy is needed to bridge the gap between the price paid the farmers and the price at which the goods are resold.

Colonel,
G. F. O.

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Type of Economic & Financial Information Required

a) Production of Foodstuffs

Global statistics of production by provinces, with area under production of

- (i) Cereals (wheat, barley, oats, maize, rye, rice)
- (ii) animal fodder (hay, fodder beans (fava), vetches)
- (iii) vegetables (tomatoes, fennel, beans, peas, cauliflower, artichokes, cabbages, onions)
- (iv) citrus (lemons, oranges, mandarines, grapefruit)
- (v) other fruits (almonds, coconuts, grapes, peaches, apricots, plums, apples, pears, medlars, pomegranates, hazel nuts)
- (vi) olives for direct consumption + olive oil
- (vii) wine
- (viii) fruit juices + oils

Catches of the fishing industry

(Cooperative Provinciale
dei Pescatori, Via Cristoforo
Colombo 42, CATANIA)

b) Production of Raw Materials

~~Production by provinces of:~~

- ~~i) sulphur (Zolfo grezzo)~~
- ~~ii) rock asphalt (rocce asfaltiche)~~
- ~~iii) marble + rock salt (sale marino e salgemma)~~
- ~~iv)~~

c) Production of Foodstuffs mostly or wholly involving
unworked materials

Production by individual concerns of:

- i) candied peel, (ii) confecturing + pastries (iii) canned

- (iii) vegetables (tomatoes, fennel, beans, cauliflower, artichokes, cabbages, onions)
- (iv) citrus (lemons, oranges, mandarin, grapefruit)
- (v) other fruits (almonds, carobs, grapes, peaches, apricots, plums, apples, pears, medlars, honeycrisp, + hazel nuts)
- (vi) olives for direct consumption + olive oil
- (vii) wine
- (viii) fruit juices + oils

Catchers of the fishing industry (Cooperative Provinciale dei Pescatori, Via Cristoforo Colombo 42, CATANIA)

b) Production of Raw Materials

Production by provinces of:

- i) sulphur (Zolfo Grezzo)
- ii) rock asphalt (rocce asfaltiche)
- iii) marble + rock salt (sale marino e salgemma)
- iv)

b) Production of Foodstuffs mostly or wholly involving

Imported Materials

Production by individual concerns of:

- i) canned fruit, (ii) canning + preserves (iii) canned vegetables, fruit + fish.

c) Production of Raw Materials

Production by provinces of:

- i) sulphur (Zolfo Grezzo)
- ii) rock asphalt (rocce asfaltiche)
- iii) marble + rock salt (sale marino e salgemma)
- iv) timber

PTO

Annex B. (contd.)

(k) Prices

Black market prices on a provincial basis

(l) Wages

Rates by Provinces for:

- i) agriculture ii) fisheries iii) mining & chemical iv) engineering & shipbuilding v) canning vi) timber vii) public services & entertainments viii) ~~commerce~~ ^{Commercial} Credit & insurance institutions ix) retail & distributive trades

m) Taxation

Method of Collection & Recent Statistics of:

- i) Communal Taxation ii) Provincial Taxation iii) National Taxation (incl. State monopolies)

n) Banking

- i) From each branch or agency of the Bank of Italy, details of ^{assets of} issued bank notes held in store
- ii) From each bank or credit institution, details of all balances, movable & immovable securities & valuables held on behalf of the Italian Government, parastatal institutions, the Fascist party & Fascist organizations
- iii) From the Bank of Italy, PALERMO, any documentation relating to State participation in industry (in Sicily or elsewhere) through the medium of parastatal institutions
- iv) From each bank Head Office, copies of ^{monthly} returns to the Banking Inspectorate.
- v) From each bank or financial institution with head

engineering & shipbuilding v) mining vi) timber vii) public services & entertainments viii) ~~commercial~~ ^{commercial} credit & insurance institutions ix) retail & distributive & trades

ii) Taxation

Method of Collection & Recent Statistics of

- i) Communal Taxation ii) Provincial Taxation iii) National Taxation (incl. State monopolies)

iii) Banking

- i) From each branch or agency of the Bank of Italy, details of ^{stocks of} bank notes held in store
- ii) From each bank or credit institution, details of all balances, movable & immovable securities & valuables held on behalf of the Italian Government, non-state institutions, the Fascist party & Fascist organizations
- iii) From the Bank of Italy, PALERMO, any documentation relating to State participation in industry (in Sicily or elsewhere) through the medium of non-state institutions
- iv) From each bank Head Office, copies of ^{recently} monthly returns to the Banking Inspectorate.
- v) From each bank or financial institution with head office outside Sicily, copies of returns to head office of recent monthly statistics as required by the Banking Inspectorate.

Protection of Statistical etc. Records required for financial & economic intelligence

1. Every effort will be made - by affixation of seals whenever practicable - to prevent the destruction, removal or concealment of statistical records in the possession of the following:

- a) In All Provincial Capitals
 - i) Provincial Offices (or Councils) of Corporations. (Uffici (Consiglieri) Provinciali delle Corporazioni)
 - ii) Fascist Provincial Unions (Unioni Provinciali Fascisti)
 - iii) Offices of Municipal Inspectors (Intendenze di Finanza)
 - iv) - Provincial Section of the Treasury (Sezione del Tesoro)

b) In PALERMO

- i) Consorzio per i Magazzini Generali della Sicilia.
- ii) Unione Autonoma Fascista Provinciale per la Rastignia di Attività Economiche.
- iii) Office of the Provincial Water Surveyor (Direttore del Servizio Idrografico)
- iv) Osservatorio Economico, Banco di Sicilia.

c) In AGRIGENTO

Consorzio Agrario Provinciale

d) In CALTANISSETTA

Consiglio Provinciale Produttori Agricoli

e) In all more important Towns

Fascist Professional Unions (Unioni Fascisti)

2. Detailed locations of the above institutions - with addresses where known - are given in Annex A.

- (Uffici (Consigli) Provinciali delle Corporazioni)
 ii) Fascist Provincial Unions (Unioni Provinciali Fasciste)
 iii) Offices of Provincial Inspectors (Intendenze di Procura)
 iv) - Provincial Section of the Treasury (Sezione del Tesoro)

b) In PALERMO

- i) Consorzio per i Magazzini Generali della Sicilia.
 ii) Unione Autonoma Fascista Provinciale per la Rastegna di Attività Economiche.
 iii) Office of the Provincial Water Surveyor (Direttore del Servizio Idrografico)
 iv) Osservatorio Economico, Banco di Sicilia.

c) In AGRIGENTO

Consorzio Agrario Provinciale

d) In CALTANISSETTA

Consiglio Provinciale Produttori Agricoli

e) In all more important Towns

Fascist Professional Unions (Unioni Fasciste)

- Detailed locations of the above institutions - with addresses where known - are given in Annex A.
- Details of the type of information required are shown in Annex B.

Annex A

List of Institutions whose Records are Required for
the same + Financial Intelligence

Province of PALERMOPALERMO

i) Consiglio Provinciale delle Corporazioni

President: The Prefect, Via Cantari 12.

ii) Un. Prov. Fasc. degli Agricoltori.

Via Vitt. Emanuele, Palazzo Navoli.

iii) Un. Prov. Fasc. dei Commercialisti, Via Stabile 173.

(iv) " " degli Industriali, Via Ruggero Settimo, 30

(v) " " dei Professionisti ed Artisti, Via Callanissetta, 2.

(vi) " " Aziende Credito ed Assicurazione

Via Emmeo Amari, 65.

(vii) " " Lavoratori Agricoli, Piazza G. Verdi 15.

(viii) " " del Commercio, Via Ruggero Settimo 73.

(ix) " " dell'Industria, Via Stabile

(x) " " Aziende Credito e Assicurazione

Via Emmeo Amari, 65.

(xi) Intendente di Finanza, Piazza Marina

(xii) Direttore della Sezione del Tesoro, Piazza Marina.

(xiii) Consorzio per i Magazzini Generali della Sicilia
(add. unknown)

(xiv) Unione Autonoma Fascista per la Rassegna di attività

Economiche: - President. G. Catarrelli (1941) - add. unknown

(xv) Direttore del Servizio Idrografico, Piazza G. Verdi

CEFALU.

i) Un. Prov. Fasc. degli Commercialisti

ii) " " Industriali

- (iii) Un. Prov. Fac. dei Commerciali, Via Stabile 173.
 (iv) " " degli Industriali, Via Ruggiero Settimo, 30.
 (v) " " dei Professionisti ed Artisti, Via Callianissetta, 2.
 (vi) " " Aziende Credito ed Assicurazione
 (vii) " " Lavoratori Agricoli, Piazza G. Verde, 15.
 (viii) " " del Commercio, Via Ruggiero Settimo 73.
 (ix) " " dell'Industria, Via Stabile.
 (x) " " Aziende Credito e Assicurazione
 (xi) " " Intendente di Trapani, Piazza Marina
 (xii) " " Direttore della Segreteria del Tesoro, Piazza Marina.
 (xiii) " " Servizio per i Magazzini Generali della Sicilia
 (add. unknown)
 (xiv) " " Unione Autonoma Fascista per la Rassegna di attività
 Economiche: - President. G. Catarelli (1941) - add. unknown
 (xv) " " Direttore del Servizio Idrografico, Piazza G. Verde
 CEFALU.

- i) Un. ~~Prov.~~ Fac. degli Commerciali
 ii) " " " Industriali
 iii) " " " Agricoltori
 iv) " " " Artigiani
 CORLEONE

- i) Un. ~~Prov.~~ Fac. degli Commerciali
 ii) " " " Industriali
 iii) " " " Agricoltori
 iv) " " " Artigiani

(2)

GANGI

- i) Un ~~P~~are. Hare dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

MONREALE

- i) Un ~~P~~are Hare dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

PARTINICO

- i) Un ~~P~~are Hare dei Commerciali
- ii) " " degli Agricoltori
- iii) " " degli Artigiani

TERMINI IMERESE

- i) Un. Hare dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " dei Lavori Agricoli

Province of AGRIGENTOAGRIGENTO

- i) Ufficio Provinciale delle Corporazioni
- ii) Un. Prov. Hare degli Agricoltori, Via Roma 113
- iii) " " dei Commerciali Viale della Vittoria

- ii) " " degli Industriali
- iii) " " " degli Agricoltori
- iv) " " " degli Artigiani

PARTINICO

- i) Un. Prov. Fasc. dei Commercialisti
- ii) " " " degli Agricoltori
- iii) " " " degli Artigiani

TERMINI IMERESE.

- i) Un. Fasc. dei Commercialisti
- ii) " " " degli Industriali
- iii) " " " - Agricoltori
- iv) " " " dei Lavori Agricoli

PROVINCIA DI AGRIGENTO

AGRIGENTO

- i) Ufficio Provinciale delle Corporazioni
- ii) Un. Prov. Fasc. degli Agricoltori, Via Roma 113
- iii) " " " dei Commercialisti, Viale della Vittoria
- iv) " " " degli Industriali, " "
- v) Intendente di Trapani
- vi) Delegato della Sezione del Tesoro
- vii) Consorzio Agrario Provinciale. Commissione Mario van Axel Castelli (1942)

ALESSANDRIA DELLA ROCCA

- i) Un. Fasc. degli Agricoltori

(3)

ALESSANDRIA DELLA ROCCA (contd.)

- (ii) Un. Fasc. dei Commerciali
 (iii) " degli Artigiani

ARAGONA

- (i) Un. Fasc. dei Commerciali
 (ii) " degli Industriali
 (iii) " Agricoltori
 (iv) " Artigiani

BIVONA

- (i) Un. Fasc. dei Commerciali
 (ii) " degli Industriali
 (iii) " Agricoltori
 (iv) " Artigiani

CALTABELLOTTA

- (i) Un. Fasc. dei Commerciali
 (ii) " degli Industriali
 (iii) " Agricoltori
 (iv) " Artigiani

CAMPOBELLO DI LICATA

- (i) Un. Fasc. dei Commerciali
 (ii) " degli Industriali
 (iii) " Agricoltori
 (iv) " Artigiani

CANTICATTI

CATTOLICA ERACLEA

- i) Un. Fasc. dei Commercialisti
 ii) - degli Industriali
 iii) - " Agricoltori
 iv) - " Antiquari

CIANCIANA

- i) Un. Fasc. dei Commercialisti
 ii) - degli Agricoltori
 iii) - " Antiquari

FAYARA

- i) Un. Fasc. dei Commercialisti
 ii) - degli Industriali
 iii) - " Agricoltori
 iv) - dei Lavoratori Agricoli

GROTTE

- i) Un. Fasc. degli Industriali
 ii) - " Agricoltori

LICATA

- i) Un. Fasc. dei Commercialisti
 ii) - degli Industriali
 iii) - " Agricoltori
 iv) - " Antiquari

MENFI

- i) Un. Fasc. dei Commercialisti
 ii) - degli Industriali
 iii) - " Agricoltori
 iv) - " Antiquari

ii) - degli Agricoltori
 iii) - " Antigiani
FAYARA
 i) Un. Fasc. dei Commercianti
 ii) " - degli Industriali
 iii) " - degli Agricoltori
 iv) " - dei Lavoratori Agricoli

GROTTE
 i) Un. Fasc. degli Industriali
 ii) " - Agricoltori

LICATA
 i) Un. Fasc. dei Commercianti
 ii) " - degli Industriali
 iii) " - Agricoltori
 iv) " - Antigiani

MENFI
 i) Un. Fasc. dei Commercianti
 ii) " - degli Industriali
 iii) " - Agricoltori
 iv) " - Antigiani

PORTO EMPEDOCLE
 i) Un. Fasc. dei Commercianti
 ii) " - degli Industriali
 iii) " - Agricoltori
 iv) " - Antigiani

P.T.O

15

SEIACCA.

- i) Un Fasc. dei Commerciali
- ii) " - degli Agricoltori

Province of CALTANISSETTA.CALTANISSETTA.

- i) Ufficio Provinciale delle Corporazioni, Corso Vitt. Emanuele
- ii) Un Prov. Fasc. degli Agricoltori, Piazza S. Giuseppe
- iii) " - dei Commerciali, Corso Vitt. Emanuele 13.
- iv) " - degli Industriali, Corso Umberto Primo
- v) " - dei Professionisti ed Artisti, Largo Paolo Boile 38
- vi) " - delle Aziende Credito ed Assicurazione.
- vii) " - dei Lavoratori Agricoli, Via Garibaldi 15.
- viii) " - del Commercio, Corso Umberto Primo 3.
- ix) " - dell'Industria, Via Calafati 11.
- x) " - Aziende Credito ed Assicurazione, Corso Umberto Primo 3.
- xi) Intendenti di Finanza, Via Barone Langiroto
- xii) Direttore della Sezione del Tesoro, Via Barone Langiroto
- xiii) Consiglio Provinciali Produttori Agricoli

RIESI

- i) Un Fasc. dei Commerciali
- ii) " - degli Industriali
- iii) " - Agricoltori
- iv) " - Artisti

- (ii) Un. Prov. Fasc. degli Agricoltori, Piazza S. Giuseppe
 (iii) " " " dei Commerciali, Corso V.lli Emanuele 13.
 (iv) " " " degli Industriali, Corso Umberto Primo
 (v) " " " dei Professionisti ed Artisti, Largo Paolo
 Bovile 38
 (vi) " " " della Azienda Credito ed Assicurazione.
 (vii) " " " dei Lavoratori Agricoli, Via Garzone 15.
 (viii) " " " del Commercio, Corso Umberto
 Primo 3.
 (ix) " " " dell'Industria, Via Calafati 11.
 (x) " " " Azienda Credito ed Assicurazione,
 Corso Umberto Primo 3.

- (xi) Intendente di Monza, Via Barone Langiroto
 (xii) Direttore della Sezione del Ferro, Via Barone Langiroto
 (xiii) Consiglio Provinciale Produttori Agricoli

RIESI

- i) Un. Fasc. dei Commerciali
 ii) " " " degli Industriali
 iii) " " " Agricoltori
 iv) " " " Artigiani

S. CATALDO

- i) Un. Fasc. degli Industriali
 ii) " " " Agricoltori
 iii) " " " Artigiani

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P.T.O.

Province of CATANIA.CATANIA.

- i) Ufficio Provinciale delle Corporazioni. Esercizio P. Bando (1902)
- ii) Un. Prov. Assoc. degli Agricoltori, Piazza Bellini 19.
- iii) " " dei Commercianti, Via Etna 55.
- iv) " " degli Industriali, Via Etna 245.
- v) " " dei Professionisti ed Artisti.
- vi) " " delle Aziende Credito ed Assicurazione, C/o Credito Italiano.
- vii) " " dei Lavoratori Agricoli, Via Etna 221.
- viii) " " del Commercio, Via Garibaldi 57.
- ix) " " dell'Industria, Via V. Emanuele 8.
- (x) " " Aziende Credito ed Assicurazione, Via S. Giuseppe al Duomo 31.
- xii) Intendente di Trapani, Palazzo delle 4 mangle.
- xiii) Direttore della Sezione del Tesoro.

ACICATENA

- i) Un. Assoc. dei Commercianti
- ii) " " degli Agricoltori
- iii) " " Artigiani

ACIREALE

- i) Un. Assoc. dei Commercianti
- ii) " " degli Artigiani

ACI SANT'ANTONIO

- i) Un. Assoc. dei Commercianti
- ii) " " degli Industriali

BELPESSO

- i) Un. Fasc. dei Commercialisti
 ii) " " degli Industriali
 iii) " " - Agricoltori
 iv) " " - Artigiani

BRONTE

- i) Un. Fasc. dei Commercialisti
 ii) " " degli Agricoltori

CALATABIANO.

- i) Un. Fasc. dei Commercialisti
 ii) " " degli Industriali
 iii) " " - Agricoltori
 iv) " " - Artigiani

CALTAGIRONE.

- i) Un. Fasc. dei Commercialisti
 ii) " " degli Industriali
 iii) " " - Agricoltori
 iv) " " - Artigiani
 v) " " dei lavoratori Industriali

CASTEL DI IUDICA.

- i) Un. Fasc. dei Commercialisti
 ii) " " degli Industriali
 iii) " " - Agricoltori
 iv) " " - Artigiani

CASTIGLIONE DI SICILIA.

ii) " degli Agricoltori

CALATABIANO.

- i) Un. Fasc. dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

CALTAGIRONE.

- i) Un. Fasc. dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani
- v) " " dei lavoratori Industriali

CASTEL DI IUDICA.

- i) Un. Fasc. dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

CASTIGLIONE DI SICILIA.

- i) Un. Fasc. dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

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P.T.O.

(8)

FIUMEFREDDO DI CILIA

- i) Un. Fasc. dei Commerciali
- ii) " - degli Industriali
- iii) " - degli Agricoltori
- iv) " - degli Artigiani

GIARRE (IONIA)

- i) Un. Fasc. dei Commerciali
- ii) " - degli Agricoltori
- iii) " - degli Artigiani

GRAMMICHELE

- i) Un. Fasc. dei Commerciali
- ii) " - degli Industriali
- iii) " - degli Agricoltori
- iv) " - degli Artigiani

LINGUAGLOSSA

- i) Un. Fasc. dei Commerciali
- ii) " - degli Industriali
- iii) " - degli Agricoltori

MASCALI

- i) Un. Fasc. dei Commerciali
- ii) " - degli Industriali
- iii) " - degli Agricoltori
- iv) " - degli Artigiani

MILITELLO IN VAL DI CATANIA

i) Un. Fasc. dei Commerciali

- i) Un. Fase dei Commerciali
 ii) " - degli Agricoltori
 iii) " - Artigiani

GRAMMICHELE.

- i) Un. Fase dei Commerciali
 ii) " - degli Industriali
 iii) " - degli Agricoltori
 iv) " - Artigiani

LINGUAGLOSSA

- i) Un. Fase dei Commerciali
 ii) " - degli Industriali
 iii) " - Agricoltori

MASALI

- i) Un. Fase dei Commerciali
 ii) " - degli Industriali
 iii) " - Agricoltori
 iv) " - Artigiani

MILITELLO IN VAL DI CATANIA

- i) Un. Fase dei Commerciali
 ii) " - degli Agricoltori
 iii) " - Artigiani

MINEO

- i) Un. Fase dei Commerciali
 ii) " - degli Agricoltori
 iii) " - Artigiani
 iv) " - Industriali

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MIRABELLA IMBACCARI

- i) Un. Fatt. dei Commerciali
- ii) " - degli Industriali
- iii) " - Agricoltori
- iv) " - Artigiani

MISTERBIANCO

- i) Un. Fatt. dei Commerciali
- ii) " - degli Industriali
- iii) " - Agricoltori
- iv) " - Artigiani

MOTTA SANT'ANASTASIA

- i) Un. Fatt. dei Commerciali
- ii) " - degli Agricoltori
- iii) " - Artigiani
- iv) " - dei Lavoratori Agricoli Industriali
- v) " -

PATERNÒ

- i) Un. Fatt. dei Commerciali
- ii) " - degli Industriali
- iii) " - Agricoltori
- iv) " - Artigiani

PIEDIMONTE ETNEO

- i) Un. Fatt. dei Commerciali
- ii) " - degli Agricoltori
- iii) " - Artigiani

RAMACCA

- i) Un. Fatt. dei Commerciali

- ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Antiquari

MOTTA SANT' ANASTASIA.

- i) Un. 4 art. dei Commerciali
 ii) " " degli Agricoltori
 iii) " " Antiquari
 iv) " " dei Lavoratori Agricoli
 v) " " Industriali

PATERNO

- i) Un. 4 art. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Antiquari

PIEDIMONTE ETNEO

- i) Un. 4 art. dei Commerciali
 ii) " " degli Agricoltori
 iii) " " Antiquari

RAMACCA.

- i) Un. Prov. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Antiquari

RANDAZZO

- i) Un. Prov. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Antiquari

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RIPOSTO (IONIO)

- i) Un. Fasc. dei Commerciali
- ii) " degli Industriali
- iii) " degli Agricoltori
- iv) " degli Artigiani

S. MARIA DI LICODIA.

- i) Un. Fasc. dei Commerciali
- ii) " degli Industriali
- iii) " degli Agricoltori
- iv) " degli Artigiani
- v) " dei lavoratori Aziende Crediti ex Associazione

SANTA VENERINA.

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

VIZZINI

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

ZAFFERANA ETNEA.

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

Province of ENNA.ENNA

- i) Consiglio Provinciale della Corporazione. President: The Prefect.

- ii) " degli Industriali
- iii) " degli Agricoltori
- iv) " degli Artigiani
- v) " dei lavoratori Aziende Crediti ex Assicurazione

SANTA VENERINA

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

VIZZINI

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

ZAFFERANA ETNEA

- i) Un. Fasc. dei Commerciali
- ii) " degli Agricoltori
- iii) " degli Artigiani

Province of ENNA

ENNA

- i) Consiglio Provinciale delle Corporazioni. Presidenti: The Prefect
- ii) Unione Provinciale Fasc. degli Agricoltori, Via Monchese 4.
- iii) " dei Commerciali, Via Vitt. Emanuele 5.
- iv) " degli Industriali, Via S. Agata 43.
- v) " dei Professionisti ex Artisti, Via Roma.
- vi) " della Azienda Credito ex Assicurazione
- vii) " dei lavoratori Agricoli, Via Roma.
- viii) " di Commercio, Via Roma.

PIAZZA ARMERINA

- i) Un. Fate dei Commercianti.
 ii) " degli Agricoltori
 iii) " Artigiani

Provincia di MESSINAMESSINA

- i) Ufficio Provinciale delle Corporazioni
 ii) Un. Prov. Fate degli Agricoltori, Via 1 Settembre.
 iii) " " dei Commercianti, Via Ugo Bassi
 iv) " " degli Industriali, Via G. Bruno.
 v) " " dei Professionisti ed Artisti, Via Centonze 28
 vi) " " Aziende Credito ed Assicurazione,
 vii) " " dei Lavoratori Agricoli, Via Aurelio Saffi
 viii) " " del Commercio, Via Aurelio Saffi.
 ix) " " dell'Industria, Via Veneziano
 x) " " Aziende Credito ed Assicurazione,
 xi) Intendenti di Tronzo, Torrente Bocella.
 xii) Direttore della Sezione del Tesoro.

BARCELLONA POZZO DI GOTTO.

- i) Un. Fate dei Commercianti
 ii) " degli Industriali
 iii) " Agricoltori
 iv) " Artigiani

MILAZZO

- i) Un. Fate dei Commercianti
 ii) " degli Industriali
 iii) " Agricoltori
 iv) " Artigiani

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Province of RAGUSA

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RAGUSA

- i) Ufficio Provinciale delle Corporazioni, Piazza dell'Impero
(N.B. Publisher monthly statistical bulletin)
- ii) Un Prov. Facc degli Agricoltori, Via Vittorio Veneto 50.
- iii) " " dei Commercianti, Via Vittorio Veneto, Palazzo.
Boscarino
- iv) " " degli Industriali, Via Roma 165
- v) " " dei Professionisti ex Artisti, Via M. Coffa.
- vi) " " Aziende Credito ed Assicurazione
- vii) " " Lavoratori Agricoli, Via 28 Ottobre 53
- viii) " " " del Comunità, Corso V.M. Emanuele 15
- ix) " " " dell'Industria, Via G.B. Oderna 197
- x) " " " Aziende Credito e Assicurazione,
Via Mettina 32
- xi) Intendente di Mananza
- xii) Direttore della Sezione del Metoro.

MODICA

- i) Un. Facc. dei Commercianti
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani
- v) " " dei Lavoratori Agricoli

COMISO

- i) Un. Facc. dei Commercianti
- ii) " " degli Industriali
- iii) " " Agricoltori
- iv) " " Artigiani

- IV) - degli Industriali, Via Roma 165
 V) - dei Professionisti ed Artisti, Via M. Coffa.
 VI) - " - Agende Credito ed Assicurazione
 VII) - " - Lavoratori Agricoli, Via 28 Ottobre 53
 VIII) - " - del Commercio, Corso V.lli Emanuele 15
 IX) - " - dell'Industria, Via G.B. Oderna 197
 X) - " - Agende Credito e Assicurazione,
 Via Messina 32
 XI) Intendente di Finanza
 XII) Direttore della Sezione del Tesoro.

MODICA

- I) Un. Forc. dei Commerciali
 II) - " degli Industriali
 III) - " Agricoltori
 IV) - " Artigiani
 V) - " dei Lavoratori Agricoli

COMISO

- I) Un. Forc. dei Commerciali
 II) - " degli Industriali
 III) - " Agricoltori
 IV) - " Artigiani

SEICLI

- I) Un. Forc. dei Commerciali
 II) - " degli Industriali
 III) - " Agricoltori.

VITTORIA

- I) Un. Forc. dei Commerciali
 II) - " degli Industriali
 III) - " Agricoltori
 IV) - " Artigiani

(13)

Province of SIRACUSA.SIRACUSA.

- i) Ufficio Provinciale delle Corporazioni
- ii) Un. Prov. degli Agricoltori, Piazza Archimede
- iii) " dei Commerciali, Via XX Settembre
- iv) " degli Industriali.
- v) " dei Professionisti ed Artisti
- vi) Azienda Crediti ed Assicurazione, Via XX Settembre
- vii) " Favoratori Agricoli, Via Palermo.
- viii) " del Commercio, Piazza Archimede.
- ix) " dell'Industria, Via del Castello Maniace
- x) " Azienda Crediti ed Assicurazione
Via XX Settembre.
- xi) Intendente di Minerva, Via Ruggero VII
- xii) Direttore della Sezione del Tetoro.

LENTINI

- i) Un. Prov. degli Agricoltori
- ii) " " Artigiani

NOTO.

- i) Un. Prov. dei Commerciali.
- ii) " " degli Industriali
- iii) " " Agricoltori

PACHINO

- i) Un. Prov. dei Commerciali
- ii) " " degli Industriali
- iii) " " Agricoltori

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- vi) Azienda Credito ed Assicurazione, Via XX Settembre
 vii) Lavoratori Agricoli, Via Palermo.
 viii) del Commercio, Piazza Archimede.
 ix) dell'Industria, Via del Castello Maniace
 x) Azienda Credito ed Assicurazione
 Via XX Settembre.
 xi) Intendente di Finanza, Via Ruggero VII.
 xii) Direttore della Sezione del Tesoro.

LENTINI

- i) Un. Fasc. degli Agricoltori
 ii) " " Artigiani

NOTO.

- i) Un. Fasc. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori

PACHINO

- i) Un. Fasc. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Artigiani

Province of TRAPANITRAPANI

- i) Ufficio Prov. delle Corporazioni
 ii) Un. Prov. Fasc. degli Agricoltori, Via Badia Nuova.
 iii) " " dei Commerciali, Via XXVIII Ottobre.

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TRAPANI (Cont.)

- iv) Un Prov. Fasc. degli Industriali, Via Vestra.
 v) " " dei Professionisti ed Artisti, Piazza Vitt. Veneto.
 vi) " " Agenzie Credito ed Assicurazione,
 vii) " " lavoratori Agricoli, Via Garibaldi
 viii) " " " " Via Garibaldi
 ix) " " del Commercio, Via S. Malato.
 x) " " dell'Industria, Via Garibaldi
 xi) Contorzo Agrario Provinciale Agenzie Credito ed Assicurazione
 xii) Intendente di Finanza, Via delle Arti.
 xiii) Direttore della Sezione del Tesoro, Via delle Arti.

ALCAMO

- i) Un. Fasc. degli Agricoltori
 ii) " " dei lavoratori Agricoli

CASTELLAMARE DEL GOLFO

- i) Un. Fasc. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Artigiani

ERICE

- i) Un. Fasc. dei Commerciali
 ii) " " degli Industriali
 iii) " " Agricoltori
 iv) " " Artigiani

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SECRET
SECRET
141F/7830/CA
12 June 1943

SUBJECT: Division of Responsibility for
Social Insurance in HARRISBURG

To: C.G.A.C.
Financial Division
Public Health Division
P.A.C.

Reference Item 5 of the Agenda of the first meeting of the
Executive Council.

The attached agreed minute is circulated and will be used as
the basis for planning.

Rob
AMNOT
141 Force
Field

A.T. MAXWELL,
Lt. Col.,
Principal Administrative Officers
AMNOT
O.M. SPENFORD,
Lt. Col., C.G.C.,
Principal Administrative Officers
AMNOT

Copy on 7830

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SECRETSECRET

DALP/7039/CA

12 June 1943

Division of Responsibility between Financial and
Public Health Divisions for Social Insurance in
ROMANIA

1. The Financial Division shall carry complete responsibility until otherwise decided for:

- (a) Determining the solvency of existing social insurance organizations
- (b) Reporting to the C.C.A.O. on the financial condition of the existing programs.
- (c) Determining whether the rates of contributions - if a decision is made to continue one or more of the programs - will cover the benefits as set forth by the governing law or decrees or as modified by the Military Government.
- (d) Examining administrative procedure as it relates to the financial, accounting, and mechanical administration of the programs and recommending to the C.C.A.O. such changes as are desirable.
- (e) Auditing or supervising the auditing of all payments (should any of the programs be continued).
- (f) Confering with the Public Health Section on questions of mutual concern in connection with the operation or proposed operation of any of these programs.

2. The Public Health Division shall study the various systems of social insurance then or previously existing as to organization, administration, and policies followed in the operation of those programs, other than financial, with a view to:

- (a) Preparing recommendations to the C.C.A.O. as to the social soundness of these programs as judged by the above factors and as to the desirability of their continued operation from the social welfare point of view.
- (b) Advising the Fiscal Sections, when called upon to do so, as to the likely social consequences of any financial policies or procedures which may be proposed.
- (c) Assisting in the coordination of any social insurance programs allowed to continue with the public assistance programs. This will be particularly necessary in such cases as: (1) the payment of family allowances; (2) unemployment insurance when supplementary grants may be required or the benefit first expire before employment is secured; (3) maternity insurance and the supplementary program carried on by the National Institute for national and child welfare (Oficiu Național de Protecție a Mamei și Copilului); (4) health insurance which is not national or compulsory in scope and therefore covers only a fraction of the population, some part of those uncovered requiring free medical care; and: (5) insurance payments made on behalf of persons for whom some supplementary will be required.

Solov

Ruta

R. H. T. 100

- (c) Determining whether the rates of contributions - if a decision is made to continue one or more of the programs - will cover the benefits as set forth by the governing law or decree or as modified by the Military Government.
 - (d) Examining administrative procedure as it relates to the financial, accounting, and mechanical administration of the programs and recommending to the C.O.A.C. such changes as are desirable.
 - (e) Auditing or supervising the auditing of all payments (should any of the programs be continued).
 - (f) Confering with the Public Health Section on questions of mutual concern in connection with the operation or proposed operation of any of these programs.
2. The Public Health Division shall study the various systems of social insurance then or previously existing as to organization, administration, and policies followed in the operation of these programs, other than financial, with a view to:
- (a) Preparing recommendations to the C.O.A.C. as to the social soundness of these programs as judged by the above factors and as to the desirability of their continued operation from the social welfare point of view.
 - (b) Advising the Fiscal Sections, when called upon to do so, as to the likely social consequences of any financial policies or procedures which may be proposed.
 - (c) Assisting in the coordination of any social insurance programs allowed to continue with the public assistance programs. This will be particularly necessary in such cases as: (1) the payment of family allowances; (2) unemployment insurance when supplementary grants may be required or the benefit first expire before employment is secured; (3) maternity insurance and the supplementary program carried on by the National Institute for national and child welfare (Opera Nazionale per la Protezione della Maternita e dell'Infanzia); (4) health insurance which is not national or compulsory in scope and therefore covers only a fraction of the population, some part of those uncovered requiring free medical care, and; (5) insurance payments made on behalf of minors for whom some guardianship will be required.
 - (d) Assisting in preparing the program which may later be turned over for supervision of the Allied Welfare Organization as a part of a well coordinated public welfare program should the Allied Chiefs of Staff subsequently permit such civilian agency to operate ~~in the~~ ^{in the} ~~area~~ ^{area}.
3. It is understood that a review of the responsibilities here set forth will be made after a decision has been made as to which if any of the social insurance programs should continue.

MOST SECRET

13 June 1943

TO: Col. Graftey-Smith.

As I visualize the organization of the Finance Division, once we have possession of the whole island, you will have a Finance Unit attached to each provincial SCAO. If an SCAO handles 2 provinces, the Finance Unit would also cover the same 2 provinces. Because of the small number of people in the Finance Unit, it may be desirable that even before SCAs are given 2 provinces to handle, the Finance Unit should handle 2 provinces. For example, Caltanissetta and Enna are both small provinces and situated next to each other and could be handled by one Finance Unit.

In each provincial Finance Unit, there would be included a Finance Officer, a C.F.I. man, an accountant and a revenue man when we get some revenue men. Each provincial Finance Unit should have attached to it 2 clerks and one motor vehicle. If sub-agencies of AMFA are established there would be one AMFA representative at each sub-agency.

At the Headquarters there would be located the following:

CFO

DOFO

Adviser on Cur. and Exdr.

2 Adm. Assts.

2 *Economic Intelligence*
2 *Financial*

Chief Accountant

Balance of staff of accountants not used in the field.

Chief Revenue Officer

Balance of staff of revenue officers not used in the field.

Commissioner of Customs and Excise

For time being his small staff will operate out of Headquarters.

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cover the same 2 provinces. Because of the small number of people in the Finance Unit, it may be desirable that even before SCAGs are given 2 provinces to handle, the Finance Unit should handle 2 provinces. For example, Caltanissetta and Enna are both small provinces and situated next to each other and could be handled by one Finance Unit.

In each provincial Finance Unit, there would be included a Finance Officer, a C.F.I. man, an accountant and a revenue man when we get some revenue men. Each provincial Finance Unit should have attached to it 2 clerks and one motor vehicle. If sub-agencies of AMFA are established there would be one AMFA representative at each sub-agency.

At the Headquarters there would be located the following:

CFO

DEFO

Adviser on Cur. and Exch.

2 Adm. Assts.

2 *Economic Intelligence Officer*
2 *Financial*

Chief Accountant

Balance of staff of accountants not used in the field.

Chief Revenue Officer

Balance of staff of revenue officers not used in the field.

Commissioner of Customs and Excise

For time being his small staff will operate out of Headquarters.

Controller of Financial Institutions

Balance of staff of bank officer and insurance men not used in the field. He will have at least 1 ~~head~~ officer and 1

insurance officer assisting him at headquarters.

AMFA - Chief of AMFA and 2 or 3 assisting officers

For the Headquarters staff there should be 10 clerks and 4 motor vehicles

Continued

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-2-

one of which should be a covered vehicle that can be used for transport of currency and other valuables.

On the assumption that there would be 6 provincial Finance Units, our

total needs would be -

Clerks	22
Motor Transport	10 vehicles.

B. BERNSTEIN

Lt. Col., AUS.

B. BERNSTEIN

Lt. Col., AUS.

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SECRET

18 June 1943

TO: Col. Graffey-Smith.

As I visualize the organization of the Finance Division, once we have possession of the whole island, you will have a Finance Unit attached to each provincial SCOA. If an SCOA handles 2 provinces, the Finance Unit would also cover the same 2 provinces. Because of the small number of people in the Finance Unit, it may be desirable that even before SMAOs are given 2 provinces to handle, the Finance Unit should handle 2 provinces. For example, Caltanissetta and Enna are both small provinces and situated next to each other and could be handled by one Finance Unit.

In each provincial Finance Unit, there would be included a Finance Officer, a C.F.I. man, an accountant and a revenue man when we get some revenue men. Each provincial Finance Unit should have attached to it 2 clerks and one motor vehicle. If sub-agencies of ALFA are established there would be one ALFA representative at each sub-agency.

At the Headquarters there would be located the following:

QFO

DCFO

Adviser on Cur. and Exdr.

2 Adm. Assts.

2 ~~Finance~~ *Economic Intelligence Officers*

Chief Accountant

Balance of staff of accountants not used in the field.

Chief Revenue Officer

Balance of staff of revenue officers not used in the field.

Commissioner of Customs and Excise

For time being his small staff will operate out of Headquarters.

cover the same 2 provinces. Because of the small number of people in the Finance Unit, it may be desirable that even before SCAGs are given 2 provinces to handle, the Finance Unit should handle 2 provinces. For example, Caltanisetta and Barra are both small provinces and situated next to each other and could be handled by one Finance Unit.

In each provincial Finance Unit, there would be included a Finance Officer, a C.F.I. man, an accountant and a revenue man when we get some revenue men. Each provincial Finance Unit should have attached to it 2 clerks and one motor vehicle. If sub-agencies of AMFA are established there would be one AMFA representative at each sub-agency.

At the Headquarters there would be located the following:

CFO

DCFO

Adviser on Cur. and Exch.

2 Adm. Assts.

2 ~~Financial~~ *Security Intelligence* Officers

Chief Accountant

Balance of staff of accountants not used in the field.

Chief Revenue Officer

Balance of staff of revenue officers not used in the field.

Commissioner of Customs and Excise

For time being his small staff will operate out of Headquarters.

Controller of Financial Institutions

Balance of staff of bank officer and insurance men not used in the field. He will have at least 1 ~~bank~~ officer and 1

insurance officer assisting him at headquarters.

AMFA - Chief of AMFA and 2 or 3 assisting officers

For the Headquarters staff there should be 10 clerks and 4 motor vehicles.

Continued

418

-2-

one of which should be a covered vehicle that can be used for transport of currency and other valuables.

On the assumption that there would be 6 provincial Finance Units, our total needs would be -

Clerks	22
Motor Transport	10 vehicles.

B. BERKSTEN

Lt. Col., AUS.

B. BERNSTEIN
Lt. Col., AUS.

Motor Transport 10 vehicles.

4181

SECRET
(Equals British Most Secret)

73
BICOT

AMCOT 141 FORCE
(U. S. Contingent)
A.P.O. 777

14LF/7831/CA

extr
In the Field.
23 June 1943.

SUBJECT: Re Funds for AMCOT Finance Officers

TO : Commander in Chief, A.F.H.Q. (Thru Military Channels)

1. In connection with the forthcoming operations of AMCOT in North Africa it is desired that arrangements be made so that AMCOT may obtain cash from the various Military Disbursing Officers until such time as the Allied Military Financial Agency (AMFA) is established.

2. To accomplish this purpose it is recommended that instructions be issued to the Commanding General Force 343 to instruct his disbursing officers as follows:

(a) Upon receipt of a signed request from any finance officer AMCOT (as designated by the Chief Civil Affairs Officer of AMCOT) for funds to be used in the administration of AMCOT and/or the handling of any problems arising in connection with the military government in North Africa, the disbursing officer receiving such requisition will issue the funds called for and take receipt therefor on Public Voucher Form No. 1034 and attach thereto the original of the request for funds.

(b) The disbursing officer will take credit in his accounts for such vouchers.

(c) Appropriation to be charged on these vouchers will be FDG-A66P99-AMCOT-4. It is suggested that the emergency fund for the President or contingencies of the army are probably the only appropriations which could be quoted for the purposes above mentioned.

For the Commanding General:

Recommending Approval
(signed) C.R. Huebner
Major General

Frank J. McSherry
Brigadier General, A.U.S.
Commanding

9/12/43

TO : Commander in Chief, A.F.H.Q. (Thru Military Channels)

1. In connection with the forthcoming operations of AMGOT in Horridit it is desired that arrangements be made so that AMGOT may obtain cash from the various Military Disbursing Officers until such time as the Allied Military Financial Agency (AMFA) is established.
2. To accomplish this purpose it is recommended that instructions be issued to the Commanding General Force 343 to instruct his disbursing officers as follows:

(a) Upon receipt of a signed request from any finance officer AMGOT (as designated by the Chief Civil Affairs Officer of AMGOT) for funds to be used in the administration of AMGOT and/or the handling of any problems arising in connection with the military government in Horridit, the disbursing officer receiving such requisition will issue the funds called for and take receipt therefor on Public Voucher Form No. 1034 and attach thereto the original of the request for funds.

(b) The disbursing officer will take credit in his accounts for such vouchers.

(c) Appropriation to be charged on these vouchers will be for the President or contingencies of the army are probably the only appropriations which could be quoted for the purposes above mentioned.

For the Commanding General:

FRANK J McSherry
Brigadier General, A.U.S.
Commanding

Recommending Approval

(Signed) C.R. Huebner

Major General

Commanding U.S. Contingent Force 141

SECRET
(Equals British MOST SECRET)

SECRET

4187

STOCK EXCHANGES AND CLEARING HOUSES.

There are 11 Stock Exchanges in Italy, of which nine are in Northern Italian cities and one is at ROME. The only Stock Exchange in the Southern part of the country is the one at NAPLES. In each city in which there is a Stock Exchange, there is also located a Clearing House.

These Clearing Houses (Stanze di Compensazione) are an essential counterpart to the Stock Exchanges, in that they provide the machinery for all Stock Exchange settlements, both for spot and forward deals (compensazioni giornaliere e liquidazioni mensili). But they do not confine their activities to Stock Exchange settlements alone; the larger part of their activities is represented by the daily inter-bank cash settlements in respect of bank transfers, cheques, bank drafts, bills of exchange etc.

The following data is taken from the Statistical Handbook for 1940 and shows the turnover of the most active (MILAN) and the least active (LIVORNO) of the Clearing Houses during the year 1939.

Cash Claims and Counter-Claims Compensated (no cash passing) (milliards of lire)

	<u>Bank Clearings and Stock Exch. Sight Deals</u>		<u>Forward Deals (Stock Exch.)</u>
	<u>Total</u>	<u>Of which cheques and drafts of exch.</u>	
MILAN	279.3	27.8	1.0
LIVORNO	6.1	1.2	.03

Balance of Claims Settled in Cash (spot and forward)

MILAN	4.4.
LIVORNO	0.4

It is clear from the above that a very high percentage of Clearing House turnover represents inter-bank transfers and stock exchange sight transactions. In all cases involving deals in bearer securities, these are physically delivered by the seller or his agent to the Clearing Houses. A receipt is given and the account credited by bank transfer. If cash is required, the purchaser of the securities pays the cash equivalent into a Suspense Account of the Clearing House with the Bank of Italy, and the seller draws on this Suspense Account by means of a cash voucher which he receives from the Clearing House in lieu of a receipt.

There is, unfortunately, no information available on the machinery for bank clearings and Stock Exchange settlements in HORRIFIED. It is known that, some years ago, much of the Stock Exchange business of the Bank of HORRIFIED was handled in ROME. Presumably some local system of bank clearings exists as between the various provincial centres of HORRIFIED, in which the Clearing House procedure is dispensed with.

activities to Stock Exchange settlements alone; the larger part of their activities is represented by the daily inter-bank cash settlements in respect of bank transfers, cheques, bank drafts, bills of exchange etc.

The following data is taken from the Statistical Handbook for 1940 and shows the turnover of the most active (MILAN) and the least active (LIVORNO) of the Clearing Houses during the year 1939.

Cash Claims and Counter-Claims Compensated (no cash passing) (milliards of lire)

Bank Clearings and Stock Exch. Sight Deals
Total Of which cheques Of which bills
and drafts of exch.

Forward Deals
(Stock Exch.)

MILAN	279.3	27.8	1.0	8.1
LIVORNO	6.1	1.2	.03	-

Balance of Claims Settled in Cash (spot and forward)

MILAN	4.4.
LIVORNO	0.4

It is clear from the above that a very high percentage of Clearing House turnover represents inter-bank transfers and stock exchange sight transactions. In all cases involving deals in bearer securities, these are physically delivered by the seller or his agent to the Clearing Houses. A receipt is given and the account credited by bank transfer. If cash is required, the purchaser of the securities pays the cash equivalent into a Suspense Account of the Clearing House with the Bank of Italy, and the seller draws on this Suspense Account by means of a cash voucher which he receives from the Clearing House in lieu of a receipt.

There is, unfortunately, no information available on the machinery for bank clearings and Stock Exchange settlements in HORRIFIED. It is known that, some years ago, much of the Stock Exchange business of the Bank of HORRIFIED was handled in ROME. Presumably some local system of bank clearings exists as between the various provincial centres of HORRIFIED, in which the Clearing House procedure is dispensed with.

The machinery to be set up for dealing with transactions in moveable securities in HORRIFIED is therefore a matter which will have to be agreed upon by the time it is decided to lift the moratorium.

4179
 (P STAMPE)

MOST SECRET
141F/7851/2CA
20 June 1943

FINANCIAL DIVISION - DISTRIBUTION OF STAFF

1. The following represents a first attempt roughly to allocate the officer personnel. No distribution of clerical staff (allied) has yet been made, but it is likely that it will be severely restricted. Both at headquarters and at field centres - probably provincial capitals - the clerical and interpreting staff and transport will be pooled to a certain extent.

	<u>Headquarters</u>	<u>Field</u>
<u>Administration</u>	C.F.O. D.C.F.O. Advisor on Currency and Exchange 2 Asst. Administrators (Lieuts.)	
<u>Accounts</u>	Chief Accountant 2 Major 5 Captains (1 for AMFA) 3 Lieutenants (1 for AMFA)	1 Major 2 Captains 3 Lieutenants
<u>Revenue</u>	Chief Revenue Officer 1 Captain 2 Lieutenants	1 Major 2 Lt. Colonels 3 Captains 2 Lieutenants
<u>Customs</u>	Commissioner of Customs & Excise 1 Captain	1 Captain 2 Lieutenants
<u>Financial Institutions</u>	C.F.I. 1 Major (Banks) 1 Captain " 1 Major (Insurance)	2 Majors (Banks) 3 Captains " 2 Captains (Insurance)
<u>A.M.F.A.</u>	1 Lt. Col. 1 Major	
<u>Economic Intelligence</u>	2 Majors	
<u>General Finance Officers</u>		2 Majors 4 Captains

Major Knight

Lt. Col. Gunston

Any comments?

as Grosser multi
Lt. Col

C.F.O.

23/6

MGOTSECRET

5 June 1943

MEMORANDUM: To Colonel Bernstein and Colonel Gunston

1. Colonel Graffey Smith wishes the Financial Proclamation (No. 4) to be put in the final form for printing urgently including translation. Will you please arrange accordingly and consult with Colonel Chanler.

HQ Force 141
Field
MGOT

A. T. MAXWELL,
Lt. Colonel,
Principal Administrative Officer.

P/A
ap
8/6

4178

Memorandum For Operations Staff

1. Attached is a memorandum covering the organization of the Operations Staff during the planning period.

2. The heads of the divisions will be responsible for preparing the detailed plans and supervision of their execution into the period of actual operations.

3. Functions of the heads of the divisions will be:

(a) To review the Outline Plan and recommend changes in any section affecting their particular division.

(b) To consider the adequacy of personnel tentatively assigned to their respective divisions and promptly recommend any changes.

(c) To consider and prepare estimates of all equipment required for their respective divisions other than motor transport, which will be centrally allocated. Request for any other equipment (printing machinery, stationary, etc.,) should be submitted to Chief Staff Officer.

(d) To prepare detailed instructions to the staff of the Special Division. These will be instructions to the technicians, e.g. Legal Officers, Financial Officers, Public Health and Sanitary Personnel, etc.

(e) To prepare more general instructions to G.A.Os and O.A.P.Os covering matters affecting their divisions, e.g. Public Health may wish to request G.A.Os to submit reports on health conditions in a particular locality; Civilian Supply may wish food survey reports to be transmitted to HQ; Financial will probably wish to have G.A.Os specifically instructed on handling of banking procedure and every funds that may come into their possession. Bearing in mind that such detailed instructions are best given after the Government has been set up.

(f) To organize the instructions of the particular division at the training centre. Major Howell, Director of Instruction, should be consulted. He will advise division heads as to the curriculum of the program as to objectives and syllabus to work in the general scope necessary for instructions.

4. A security officer for the operational staff HQ will be appointed. A memorandum on security classification of the sections of the staff will be circulated. Meanwhile, general instructions and instructions which have been given as to security should be strictly observed by all officers and enlisted

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HUGHES

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24 May 43

T. H. H. H.

2. The heads of the divisions will be responsible for preparing the detailed plans and supervision of their execution into the period of actual operations.

3. Functions of the heads of the divisions will be:

- (a) To review the Outline Plan and recommend changes in any position affecting their particular division.
- (b) To consider the adequacy of personnel tentatively assigned to their respective divisions and promptly recommend any changes.
- (c) To consider and prepare estimates of all equipment required for their respective divisions other than motor transport, which will be centrally allocated. Request for any other equipment (printing machinery, stationery, etc.) should be submitted to Chief Staff Officer.
- (d) To prepare detailed instructions to the staffs of the Special Divisions. These will be instructions to the technicians, e.g., Legal Officers, Financial Officers, Public Health and Sanitary Personnel, etc.
- (e) To prepare more general instructions to C.A.O.s and C.A.P.O.s covering matters affecting their divisions, e.g., Public Health may wish to request C.A.O.s to submit reports on health conditions in a particular locality; Civilian Supply may wish food survey reports to be transmitted to HQ; Financial will probably wish to have C.A.O.s specifically instructed on handling of banking premises and enemy funds that may come into their possession. Bearing in mind that such detailed instructions are best given after the Government has been set up.
- (f) To organize the instructions of the particular division at the training centre. Major Howell, Director of Instruction, should be consulted. He will advise Division heads as to the curriculum of the program as to content and syndicate work in the general frame necessary for instructions.

4. A security officer for the operational staff HQ will be appointed. A memorandum on security classification of the staff will be circulated. Meanwhile, general instructions and instructions which have been given as to security should be strictly observed by all officers and enlisted personnel.

H.Q. 3rd Force
Field

Distribution:

Legal Division
Financial Division
Civilian Supply
Division
Public Health
Division
Sanitary Personnel
Division

✓ Military Administration (Field)
Commandant of School (2)
Chief Instructor
Principal, Technical Institute of School

4177
P/A 1/1/1

R. H. Howell
Chief Staff Officer,
for C.A.O.s,
JAGC

SECRET

SECRET

2439/1985/CA

24 May 63

ASST COMMISSIONER - PLANNING PERIOD

For the planning period and until operations commence, the organization of the ASST staff will be as follows:

1. DISBURSEMENT AND ORGANIZATION

1. By order of the Director, Maj. Gen. Lord Russell has been appointed Chief of ASST and Lt. Col. S. E. Spofford has been appointed Acting Deputy Chief of ASST. Maj. Gen. Lord Russell is senior British officer and Lt. Col. Spofford is acting senior American officer.

2. During the planning period the Principal Administrative Officers (A) and (B) will be Lt. Col. Spofford and Lt. Col. Russell respectively.

2. PLANNING STAFF

1. The ASST Headquarters staff will be responsible for detailed plans and for the preparation of all papers in connection therewith within the framework of the joint policy directives of the two governments.

2. The appointments to the headquarters staff are for planning rather than for operational purposes; and certain of the officers now assigned may be re-assigned for duty in the field at a later date.

3. The special sections will have charge of all matters relating to their respective subjects. The principal officers of the sections of the planning staff will be as follows:

Legal Division	- Col. Chamber Lt. Col. Ross
Financial Division	- Col. Grafton-Smith Lt. Col. How Dymond (to arrive)
Civilian Supply Division	- Col. Sartin British officer - to arrive
Police Division	- Col. Bolles Lt. Col. Martin (to arrive)
Public Health Division	- Col. Chayne Lt. Col. Pebody
Property Division	- to arrive
Military Administration (Field)	- Group Captain Rendon Col. Falletti

The full composition of the sections will be discussed from time to time.

1. By order of the C-in-C, Maj. Gen. Lord Remond has been appointed Chief of AMCC and Lt. Col. S. E. Spofford has been appointed Acting Deputy Chief of AMCC. Maj. Gen. Lord Remond is senior British officer and Lt. Col. Spofford is acting senior American officer.

2. During the planning period the Principal Administrative Officers (A) and (B) will be Lt. Col. Spofford and Lt. Col. Maxwell respectively.

3. PLANNING STAFF

1. The AMCC Headquarters staff will be responsible for detailed plans and for the preparation of all papers in connection therewith within the framework of the joint policy directives of the two governments.

2. The expenditures to the headquarters staff are for planning rather than for operational purposes; and certain of the officers now assigned may be re-assigned for duty in the field at a later date.

3. The special sections will have charge of all matters relating to their respective subjects. The principal officers of the sections of the planning staff will be as follows:

Legal Division	- Col. Wheeler Lt. Col. Rame
Financial Division	- Col. Humphrey-Godkin Lt. Col. How Lyckman (to arrive)
Civilian Supply Division	- Col. Boiss British officer - to arrive
Police Division	- Col. Bolles Lt. Col. Martin (to arrive)
Public Health Division	- Col. Mayne Lt. Col. Tobey
Property Custodian	- to arrive
Military Administration (Field)	- Group Captain Benson Col. Pollett

The full membership of the sections will be circulated from time to time.

4. The coordination of planning work and drafting will be undertaken by Lt. Col. Spofford as A/D.G.C.A.O. assisted by Lt. Col. Maxwell.

5. EXECUTIVE STAFF

1. The executive staff will be charged with organization of contacts with the various sections of the Force; contact with the task forces through liaison officers; organization and execution of operational plan for the mounting of the various groups of C.A.O.s with the task forces; and organization of materiel until called forward; procurement of materiel supplies; and other matters.

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and like matters; care of personnel records and supply records other than those relating to the school; and preparation of financial statements and carrying same into effect.

2. The Executive Staff is as follows:

Chief Staff Officer	Col. James Thorne
Assistant Chief Staff Officer	Major Craft
Executive Staff	Lt. Col. Lloyd Carson } subject to Major Harley Smith } addition of Major Peasey } further 2 Staff Captains } American officers when available.

3. The Liaison Branch at 241 Bruce Rd. will consist of one senior officer from the Executive Staff, either American or British, with one American and one British staff captain, together with officers who may be at Algiers for special duty.

4. The heads of special branches will have direct access to the U.C.A.O. and the D.U.C.A.O., and correspondence upwards to the U.C.A.O. and D.U.C.A.O. will be passed direct. Correspondence downwards from the U.C.A.O. will be passed through the Executive Branch. Incoming correspondence will be registered by the Executive Branch who will be responsible for distribution of papers and files to the branch concerned.

D. SCHOOL

1. The School and camp administration at Cassin are under the direct control of Lt. Col. Adams, Commandant of the School, and Major Martin, Deputy Commandant of the School. The Chief Instructor, Major Howell, will collaborate with the Commandant of the School in academic matters; he will refer to the U.C.A.O. on matters affecting administration policy. The administration of personnel on the British and American side will be dealt with by the Adjutant's office of the Commandant of the School, at which all officers' records will be kept and from which all meetings and moved work will be done; there will be two adjutants, one British and one American, for this purpose. The Executive Branch will deal directly with the Commandant of the School in respect of establishments and personnel. When the explanation given to the territory the establishment officers under the Commandant will be incorporated in the Executive Branch.

2. All Camp Orders will be issued by and on behalf of the U.C.A.O. by the Commandant of the School camp. Officers orders for staff U.S. (Cassins) will be issued by the U.C.A.O. or by the Chief Staff Officer on his behalf.

3. A diagram showing the school organization during the planning period is attached.

By Major Thorne
Chief Staff Officer

5. The Liaison Branch of 141 Base H.Q. will consist of one senior officer from the Executive Staff, a Senior American or British, with one American and one British staff captain, together with officers who may be at 141 Base for special duty.

6. The heads of special branches will have direct access to the G.C.A.O. and the D.C.A.O., and correspondence regarding the G.C.A.O. and D.C.A.O. will be passed direct. Correspondence from the G.C.A.O. will be passed through the Executive Branch. Incoming correspondence will be registered by the Executive Branch and will be responsible for distribution of papers and files to the branch concerned.

D. SCHOOL

1. The School and camp administration at 141 Base are under the direct control of Lt. Col. Athan, Commandant of the School, and Major Martin, Deputy Commandant of the School. The Chief Instructor, Major Powell, will collaborate with the Commandant of the School in student matters; he will refer to the G.C.A.O. on matters affecting administrative policy. The administrative personnel on the British and American side will be dealt with by the Commandant of the School. The School, as well as all officers' records will be kept and given when all matters and records will be kept. There will be two adjutants, one British and one American, for the purpose. The Executive Branch will deal directly with the Commandant of the School in respect of establishments and personnel. When the organization moves to the temporary the establishment officer under the Commandant will be incorporated in the Executive Branch.

2. All Camp orders will be issued by and on behalf of the G.C.A.O. by the Commandant of the School camp. Office orders for 141 Base (Planning) will be issued by the G.C.A.O. or by his Chief Staff Officer as his vehicle.

3. A diagram showing the School organization during the planning period is attached.

P. M. H.
Chief Staff Officer,
for G.C.A.O.
141 Base

H.Q. 141 Base
Field

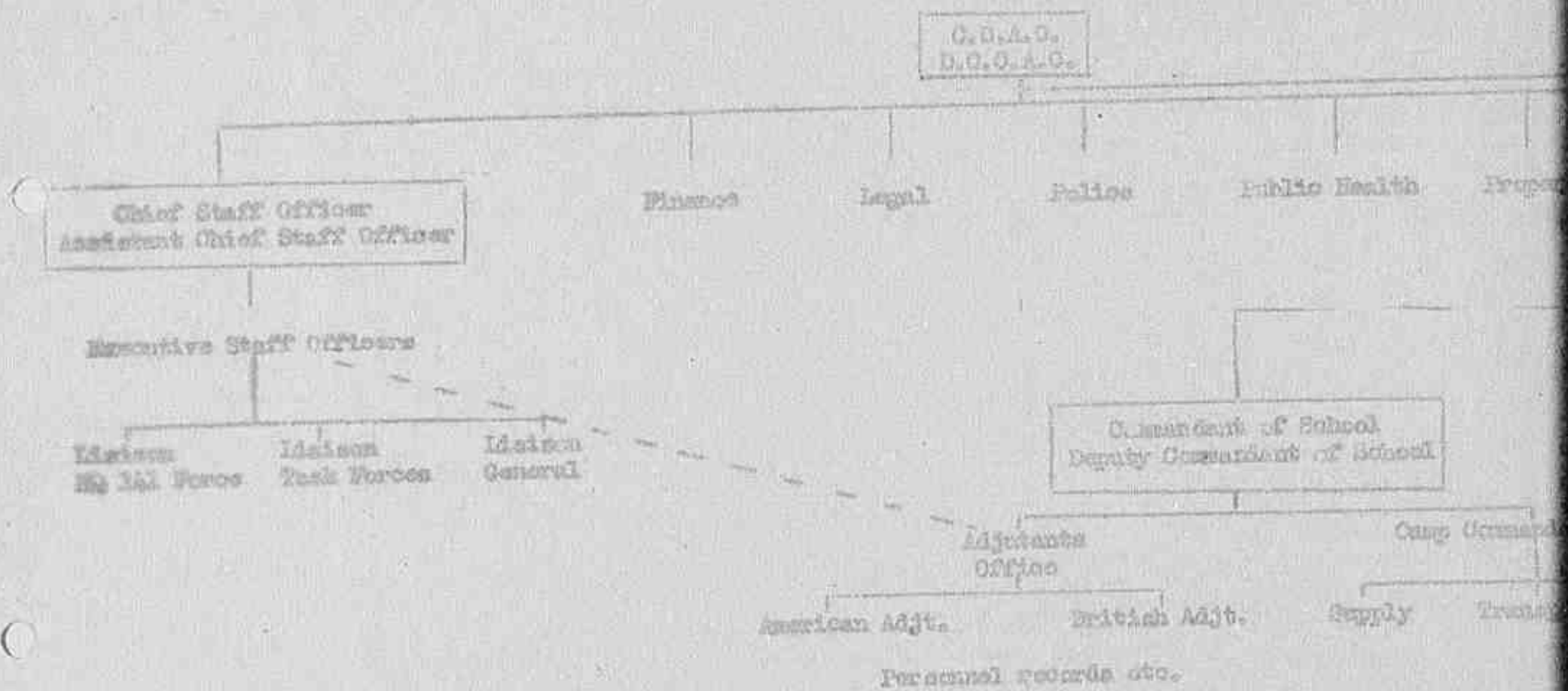
Staffing: 141 Base
Executive Division
Planning Division
Civilian Supply
Education
Police Division
Public Health Division
Engineering Division

Military Administration (male)
Commandant of School (2)
Chief Instructor
Principal Administrative Officer (2)

Major Powell
2 Staff Captains
Executive
American
officers when
available.

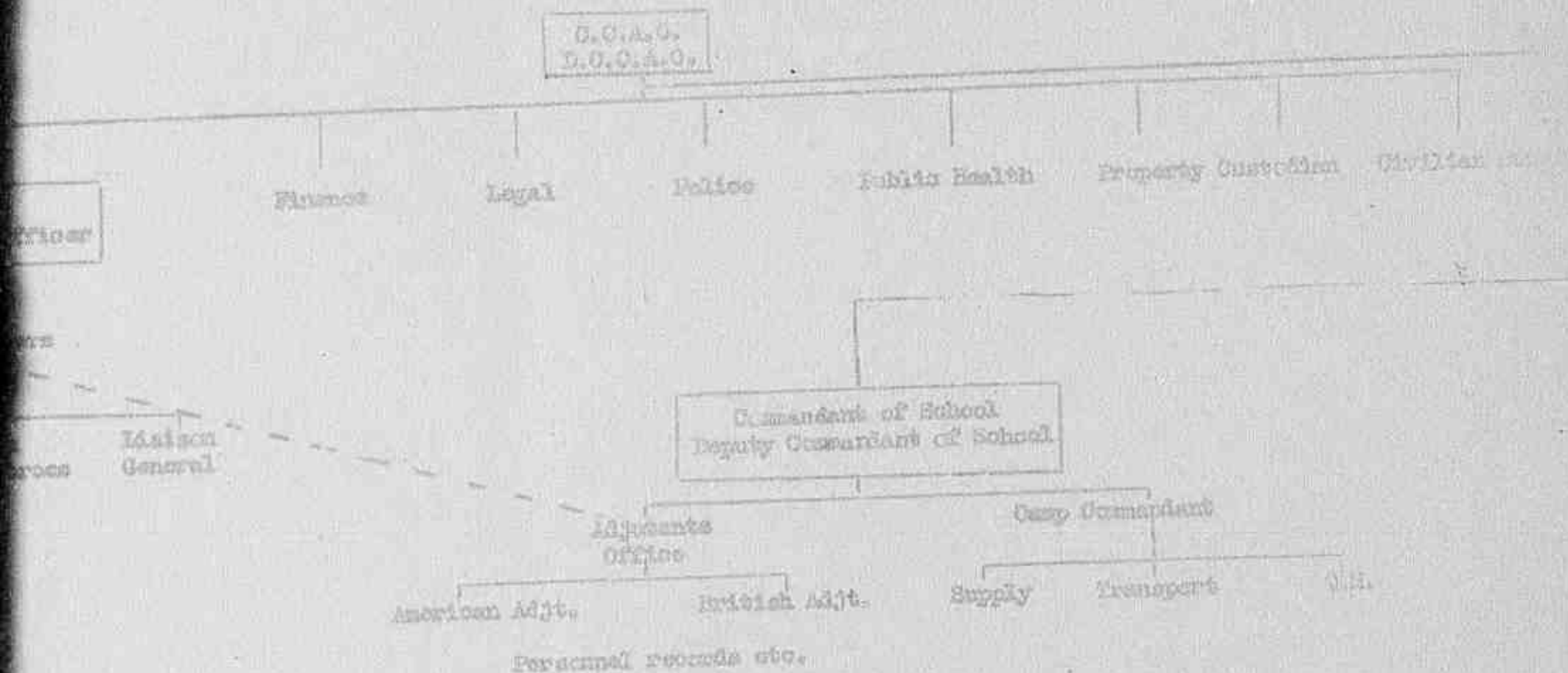
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AMCOT ORGANISATION - FLATFORD BRIDGE



ARMY ORGANIZATION - PLANNING PERIOD

4175



BIGOT - MOST SECRET

- (a) "This information has been obtained from AF and their documents. It should be treated with reserve until confirmed from other sources".
- (b) "Report dated 10 May 43."

18

B. ITALY2. Military.a) Custom Guards.

The following notes on the organization of custom guards in ITALY are reproduced from a captured operational report (Ref. MG/1/62)

Chiefs of Command

Ministry of Finance
I
Gen H.V. custom gds.
I

(MINISTERO DELLA FINANZA)

(ORDO. GEN. FINANZA)

(ISPEZZATORI DI ZONA)

Area Inspectors

Report No. 72.

ITALY is divided into sixteen districts, one for each principal town, such as GENOA, MILAN, TRIESTE, UDINE, etc. Each district is supervised by a Legion.

The Legions are as follows:

Legion	(LEGIONE)
I	I
Two Rings	(CINCOLO)
I	I
Two Coys	(COMPAGNIE)
I	I
Two/three Holdings	(TENENZE)
I	I
Three Brigades	(BRIGATE)

TRIESTE and NAPLES each have an inner and outer circle, so that in these cases there are four instead of two circles, per Legion.

The brigades, which vary in number of personnel, are of different categories, i.e.

(i) The Flying Brigade. (BRIGATA VOLANTE). Personnel dressed in mufti, who visit shops and offices, and check up on accountancy books or investigate reports of adulterated food, etc.

(ii) The Permanent Brigade. (BRIGATA STAMPALE). Stationed at factories, such as those producing cigarettes, matches, salt, etc., all produced under State monopoly, and at docks.

(iii) The Coastal Brigade. (BRIGATA SEMPLICE) Have the task of patrolling coast for smugglers.

(iv) The Maritime Brigade. (BRIGATA MARE). Customs guards provided with cutters for the inspection of vessels, etc.

Chains of Command

Ministry of Finance

I

Gen H.W. custom gds.

I

Area Inspectors

Report No. 79.

ITALY is divided into sixteen districts, one for each principal town, such as GENOA, MILAN, TRIESTE, UDINE, etc. Each district is supervised by a Legion.

The Legions are as follows:

Legion	(LEGIONE)
I	I
Two Kings	(CICCOLO)
I	I
Two Coys	(COMPAGNIE)
I	I
Two/three Holdings	(TENENZE)
I	I
Three Brigades	(BRIGATE)

TRIESTE and NAPLES each have an inner and outer circle, so that in these cases there are four instead of two circles, per Legion.

The brigades, which vary in number of personnel, are of different categories, i.e.

(i) The Flying Brigade. (BRIGATA VOLANTE). Personnel dressed in mufti, who visit shops and offices, and check up on accountancy books or investigate reports of adulterated food, etc.

(ii) The Permanent Brigade. (BRIGATA STATIONALE). Stationed at factories, such as those producing cigarettes, matches, salt, etc., all produced under State monopoly, also at docks.

DI

(iii) The Coastal Brigade. (BRIGATA COSTIERA) Have the task of patrolling coast for smugglers.

(iv) The Maritime Brigade. (BRIGATA MARE). Customs guards provided with cutters for the inspection of vessels, etc.

(v) The Mixed Brigade. (BRIGATA MISTA). Personnel in a mixed brigade have more than one task. They have to supervise docks and a factory, etc.

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BIGOT HUSKY

MOST SECRET

NOTES FOR THE CHIEF FINANCIAL OFFICER OF THE
FINANCIAL DIVISION

1. Currency and Exchange. Final decisions will be laid down by Washington and London (herein referred to as the two Governments). The present intention is to use two spearhead currencies - Yellow Seal Dollars and BMA Notes - for the initial period, transferring as and when considered desirable to a (probably new) Lira currency. There would be advantages in using Lira in the initial stages, but supplies are strictly limited and Lira should therefore be used only for essential payments for labour or "special" reasons. The rate of exchange has not yet been settled. It must, however, be borne in mind that it is possible that a rate of exchange for HORRIFIED different from that in the Italian African possessions may be decided upon.
2. Financial Responsibility. It is assumed that as the personnel for AMGOT is to be found jointly by U.S.A. and Great Britain, these two Governments should be equally liable for the net costs of the administration and entitled to share the indemnity received in respect of such outgoings. For reasons of accounting, it is proposed that the accounting system of whichever country provides the Chief Financial Officer (C.A.) should apply to the whole area, and that all administrative expenses should be charged in the currency of that country and debited in the first place to the Government in question.
3. Policy towards Fascist Organisations. It is the intention of the two Governments to take steps to disrupt the purely Fascist forms of government and the Fascist Party. As far as the financial aspect is concerned, the procedure will be to block all Fascist accounts. After full investigation, the question of which are to be seized will be laid down.
4. General Direction of Financial Policy. It is a well established principle of International Law that if changes are required in taxation, they

Notes - for the initial period, transferring all that when considered desirable to a (probably new) Lira currency. There would be advantages in using Lira in the initial stages, but supplies are strictly limited and Lira should therefore be used only for essential payments for labour or "special" reasons. The rate of exchange has not yet been settled. It must, however, be borne in mind that it is possible that a rate of exchange for HORRIFIED different from that in the Italian African possessions may be decided upon.

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3. Policy towards Fascist Organisations. It is the intention of the two Governments to take steps to disrupt the purely Fascist forms of government and the Fascist Party. As far as the financial aspect is concerned, the procedure will be to block all Fascist accounts. After full investigation, the question of which are to be seized will be laid down.

4. General Direction of Financial Policy. It is a well established principle of International Law that if changes are required in taxation, they will be made by way of contributions and not by way of taxation. Such changes will, of course, be inevitable if a substantial depreciation in the Lira is established. It is anticipated that the directive from the Combined Chiefs of Staff will give adequate powers to the Military Governor in this connection.

5. Moratorium. A moratorium is proclaimed in respect of all debts, claims and obligations for payment of money, except claims arising after the effect of this proclamation, claims for work and labour, claims of farmers 47

and retail merchants for goods supplied within 30 days now preceding the date of this proclamation. It is proposed that the moratorium should extend from the date of the decree until terminated in whole or in part by order of the Chief Financial Officer.

6. Policy towards Banks. The main reasons for shutting the banks are to safeguard them and to ensure that as far as possible funds are not improperly transferred after the arrival of our troops and every effort should be made to ensure that all notes and securities are left untouched. It must be borne in mind that the longer they remain closed the greater disruption will result in the fields of provincial and municipal finance and in that of trade and industry. Steps should therefore be taken to reopen banks as soon as possible. This will no doubt be necessary on a partial moratorium or limited withdrawal basis as regards old deposits. Every effort should be taken to prevent the destruction of currency notes and to discover where any may have been concealed. In the event of there being so great a shortage of Lira notes as to prevent reopening of the banks, consideration will be given to the granting of moderate credits in dollars and EMA or new Lira currency to the Banks with a view to their reopening. These may be made available by means of credits from a Bank of Issue, e.g. Banca de Sicilia using new Lira notes and currency. Such credits should be charged on the assets of the banks and measures should be taken to ensure that the sums advanced pass through the accounts of the Government as payments necessary to the maintenance of the area, and which will thus be included in the indemnity.

7. Insurance. The principal form of insurance in the area is Social Insurance. In principle, it will be desirable to continue Social insurance within the framework of the administration but steps will be taken to divorce such insurance from Party organisations. No benefits will be cancelled either under Social or Life insurance schemes, but payments thereunder will

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8. Financial Intelligence. Much useful information will be available in archives open to the sections of the Financial Division. It will be the duty of the Chief Financial Officer to provide economic appreciations and information regarding the area. Special attention should be paid to information which may become available as to financial and economic information on other parts of the Axis territory.

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Policy towards Government bondholders.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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PART III

Duties of Civil Affairs Officers on taking over Districts.

and other urban centres.

1. Limited numbers of Civil Affairs Officers have been allocated to each assault force and are for this purpose attached to the assault Commander of each assault.

Civil Affairs Officers will not go ashore in the first assault stage, but will subject to the discretion of the assault Commander go ashore as soon as a sufficiently substantial area has been occupied to warrant their presence ashore. As soon as they go ashore, which should be as far as possible be in parties of not less than two, they are to ascertain the whereabouts of combat units and make arrangements for their own transport to the places where they consider within their own discretion, that their presence may be needed. They will take ashore with them a supply of the proclamations with which they have been furnished.

As soon as an urban centre has been occupied, a copy of proclamations number one and number two, followed by such other proclamations as may be provided, will be posted up in a public place (e.g. Townhall, market, public square, etc.). Proclamations will not be posted up on Churches. Several copies of each proclamation will be posted in the larger centres, where people are likely to congregate and able to read them. The posting of proclamations should follow contact with the local civic or administrative authority, who should be brought along with the Civil Affairs Officer for the first posting of proclamations.

The posting of proclamations in other parts of such centres may be undertaken by the local authorities, if considered reliable or by any other personnel detailed for the purpose.

2. On making contact with the Administrative or Civic authorities, Civil Affairs Officers will instruct them to remain at their posts and to continue doing their work. Civil Affairs Officers will be opened in suitable premises which for choice should be in the local Fascist headquarters (Casa del Fascio). If not suitable, Civil Affairs Officers will install themselves in the town hall or administrative office. In any event they will take offices in a prominent and suitable building and evict any occupants for the purpose, but care will be taken not to remove, destroy or damage any archives or residence.
3. Local Fascist and police records are to be seized and secured. Combat units are to be warned of the necessity of securing records of all sorts and preventing their destruction.
4. Having set up the offices and displayed a notice to that effect, all the military and civil authorities in the area will be notified of the location.
5. If time permits before entering any substantially inhabited centre, arrangements should be made by Civil Affairs Officers, with the combat units engaged to deal with the following matters:-

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4. Having set up the offices and displayed a notice to that effect, all the military and civil authorities in the area will be notified of the location.

5. If time permits before entering any substantially inhabited centre, arrangements should be made by Civil Affairs Officers, with the combat units engaged to deal with the following matters:-

1. To close and mount a guard on all Bank premises,
(See instructions in Part II, regarding Banks).

2. To guard power stations and public utilities, 4179

3. To prevent the access of troops to Church premises (e.g. Convents, etc. or monuments which

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are liable to be damaged, or warehouses containing valuable goods.

4. To arrange in co-operation with military security organisations for the arrest and internment of undesirables.
5. To discuss billeting with the local authorities, if available.
6. To discuss markets, provision of free food for troops and to ascertain the amount of local resources.

6. In the event of combat units by-passing, without entering large urban centres, Civil Affairs Officers will visit these, with escort if considered necessary and make the same arrangements as have been described above, with the local administrative and civic authorities.

7. In the case of banks in centres which have been occupied by our troops, Civil Affairs Officers will, themselves, close banks and seal vaults, removing such keys as they can secure. They will do the same with police and other archives, unless it is practical to remove these in the event of there being no Civil Affairs personnel available to remain permanently in the centre. However, in removing such archives, care must be taken not to damage or lose them. The sealing of banks, premises and archives should be resorted to in the presence of the local administrative officials. The act of sealing in the eyes of the local administration has considerable value. It will, of course, be explained to them that any unauthorized breaking of such seals will render the Senior Civil Administrative official in the place liable to arrest and severe punishment.

8. It is, however, important for Civil Affairs Officers to remember that the available Civil Affairs personnel in the immediately post assault phase will be very limited and that they must preserve a sense of proportion about what is important. The most important thing is to assist the troops in their operations. It may, therefore, be less important to formally take over a centre which has been by-passed than to go forward with the combat troops to help them in procuring food and maintaining order in their immediate rear. The rule of "first things first" must be remembered and "first thing" is to clear the enemy out of the territory. The "first thing" therefore is to help the combat units, even if this is at the expense of efficient or tidy administration.

9. In the first stages, a clear distinction between the duty of Civil Affairs Officers on the administrative side of Civil Affairs, Police Officers, etc. will be difficult to draw. You will be so few that you must all know and do each others job and never, never say that it isn't your job to do something which a combat unit Commander has asked you to do.

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LALF/7878/OA

8 May 1943

EXTRACT FROM:-Memoandum to: Lt. Col. A. T. Maxwell

The following are extracts from Non-Operational Intelligence from P.W. in so far as they are of interest to MGCOT. (File No. LALF/7878/OA)

1. Supplies.

Extract from Report No. 77 dated 8 April 1943 gives a very complete detail of Italian rationing methods. This is attached as Appendix A.

2. Finance.

(a) There is a note in Report No. 77 dated as above that at the beginning of the British occupation of French North Africa the population of Tripoli withdrew its deposits from North African banks and transferred them to Italy.

It is considered that there can be little doubt that the population of HORRIFIED will follow a similar course as soon as the war in Tunisia appears to be drawing to its close. It seems certain that only a minimum of currency sufficient to permit of daily business on a very restricted scale can be expected to remain in the banks of HORRIFIED.

(b) In Report No. 72 dated 5 February 1943 the following are facts re the price of gold:

"Pre-war price of gold in Italy was 6/7 Lire per gram. When the price reached Lire 30, a law came into force forbidding its sale, but it can still be obtained at Lire 100/200 per gram."

4. Insurance.

Report No. 72 dated 5 February 1943 gives details of Italian state insurance for marriage and child births; the system which appears to be aimed at increasing the population. The text is given as Appendix B.

CAPTAIN BENTON-JONES
MGCOT

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Hq Force 141
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Appendix "B"

Extract from Report No. 72, Page 10

c) Increasing the Population.

A captured letter issued by the propaganda section of Italian R.A. in NORTH AFRICA, dated 15 Oct. 42, gives some up-to-date details of the Italian State Insurance for marriage and childbirth.

To qualify for a cash bonus under this scheme, a person must have been insured for at least two years, and must have paid at least one year's premium during the two years preceding the marriage or birth of a child.

The time-lag of two years is waived in the case of military personnel recalled after 1 May 39, whereas those recalled before this date may benefit under this scheme providing they have paid at least one premium towards one or other of the compulsory insurance controlled by the "Istituto Nazionale Fascista della Previdenza Sociale" (Fascist Bureau of Social Insurance).

Cash bonuses on the birth of children are issued at the following rates:-

Clerks and workmen (Farm labourers excluded) - 1st child Lit. 300, 2nd and 3rd child Lit. 350, 4th and subsequent children Lit. 400.

Agricultural labourers and colonial settlers - 1st child Lit. 150, 2nd and 3rd child Lit. 175, 4th and subsequent children Lit. 200.

The documents to be produced for collection of these bonuses include:-

Birth certificate of the newly-born

Certificate of the family's civil state

A certificate to prove that the child is still living.

These documents must be dated at least 6 days after the birth of the child. The last-named certificate is not necessary if the birth certificate bears a statement by the issuing official to the effect that the child is still living.

From another captured document, it appears that family allowances of military personnel are increased on the birth of children according to the size or nature of the town or locality in which the family is resident. Thus, for example, the family allowance of Lit. 595.30 if resident in a district of 500,000 inhabitants (or in an Italian Colony or in the AGRARI ISLANDS), but only Lit. 199.65 if the district has less than 20,000 inhabitants.

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BIGOT - BUCKY

SUBJECT: Conference

11.17/1804/0

24 APR 43

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Brigadier R.G. Stanham,
D.P.I.C.
A.P.H.C.

A copy of the note on the conference in Lord Rennell's room
yesterday morning is enclosed.

HQ 121 Force

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H. Col. Maxwell
Lt. Col.
Civil Affairs.

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141F/7804/CA
23 APR 45

NOTE OF COMPLETION: Major General Lord Rennell, C.G.A.O.
Brigadier R.G. Stanham, D.P.I.C.
Lt. Colonel A.T. Maxwell

1. Currency - A copy of cable 70540 F 5 from TROOPERS was handed to Brigadier Stanham. Lord Rennell pointed out that the question of currency, and rates of exchange was still open. There were advantages in isolating Lira currency in HORNWATER from that in Africa. There was no objection to using Lira stocks, especially for payment of labour. There was, however, in sight only about Lira 20-30 million. A special operation might produce up to say Lira 250 million more. Stocks in hand were low. Brigadier Stanham stated that he had a good stock of Lira notes; of about 24,000,000 in denominations of 24, 10/-, 5/-, 2/6 and 1/-. There was also a considerable amount of small U.K. coin. It was agreed that Lira notes in quantity might not be found in HORNWATER, and it was appreciated that the projected exchange, at a later date, to a Lira currency was designed to prevent too wide an emission on the continent of Europe of dollar or sterling notes.

Decided that stocks of Lira notes should be sent in with Task Forces. The necessary distribution will also need to be arranged by London and Wileast, but must depend on the total available, about which information was being sought. The stocks would be used, in the first place, for labour and special payments.

2. Spending Power of Troops - Brigadier Stanham mentioned that the weekly payment in North Africa amounted to 250,000 - 2400,000, against which 270,000 was returned through RANI. It was noted that the amount seemed to be related both to the sterling - franc rate and the amount of goods available, which in North Africa was small. It was anticipated that a

currency in HORRIFIED from that in Africa. There was no objection to using Lira stocks, especially for payment of labour. There was, however, in sight only about Lira 20-30 million. A special operation might produce up to say Lira 250 million more. Stocks in hand were low. Brigadier Stanham stated that he had a good stock of EMI notes; of about £4,000,000 in denominations of £1, 10/-, 5/-, 2/6 and 1/-. There was also a considerable amount of small U.K. coin. It was agreed that Lira notes in quantity might not be found in HORRIFIED, and it was appreciated that the projected exchange, at a later date, to a Lira currency was designed to prevent too wide an emission on the continent of Europe of dollar or sterling notes.

Decided that stocks of Lira notes should be sent in with Tank Forces.

The necessary distribution will also need to be arranged by London and Widenst, but must depend on the total available, about which information was being sought. The stocks would be used, in the first place, for labour and special payments.

2. Spending Power of Troops - Brigadier Stanham mentioned that the weekly payment in North Africa amounted to £80,000 - £100,000, against which £70,000 was returned through NAFL. It was noted that the amount seemed to be related both to the sterling - franc rate and the amount of goods available, which in North Africa was small. It was anticipated that a similar shortage would exist in HORRIFIED.

3. Holding of Currency Reserves - It was decided that in the first phase the D.P.I.C. should hold reserves of EMI notes and Lira; this was subject to W.O. concurrence. In the second phase when administration would be active, actively functioning and military operations tending towardsarrison duty, Civil Affairs would hold reserves and paymasters would draw from them as necessary. The C. A. Officers would need to account for amounts drawn

- 2 -

and would tender receivable orders against stores drawn.

4. Booty. The question of booty was also raised. The normal procedure was to hand to D.P.I.C. or Field Paymasters any amounts which might be seized or found ownerless. The question of the powers of the U.S.A. P.O.s was raised, and it seemed advisable that in areas occupied by American troops the same arrangement for lodgements would need to be made.

5. Requisitioning and purchase - Lord Rennell explained that Civil Affairs much favoured purchase to requisitioning; because of the avoidance of (a) unnecessary accountability and, (b) inevitable delay in settlement. Requisitioning would have an adverse effect on the temper of the population and on their willingness to part with goods. It was clear that vegetables, fruits, etc. should be brought for the troops and that L.P.O.s would probably be provided for divisions. Such requisitioning as was essential, should be made against the issuance of a receipt, and compensation should be settled preferably through means of requisitioning assessment committees, consisting of representatives of S.A.W., Civil Affairs and D.P.I.C. The committee, after assessing value would endorse the requisition note in accordance with policy and direction regarding immediate payment, etc. Brigadier Stanham referred to Firings and Claims Department, and it was agreed that this question would need to be clarified.

6. Banks - It was decided as a matter of convenience that it would be desirable for principal bank-buildings in each centre - preferably the Banca D'Italia - to be taken over to afford office accommodation for the Note Reserve. Control of banks was the responsibility of the Chief Finance Officer for Civil Affairs.

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HQ 141 Force.

Major General,
Civil Affairs.

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MOST SECRET.

141/ /CA:

24 Apr 43.

BIGOTSUBJECT: Civil Affairs Planning Section.COPY

The C.A. planning section of 141 Force HQ will consist of Major General Lord Rennell and certain officers attached or posted, all of whom will in due course take up appointments in the Military Government of HORRIFIED, either in the provinces or at headquarters. These appointments will not be made in the immediate future and will not necessarily bear any relation to the work which the officers will do in the planning section. Thus an officer who for the purposes of planning deals with Civilian Supplies will not necessarily be either at the head of, or even in the civilian supply branch of the Military Government; he may quite possibly find himself in an administrative appointment in one of the provinces of HORRIFIED.

The planning section will, generally speaking, come to a head through the G.S.O.1. (Lt. Col Thorne Thorne), to whom all correspondence, telegrams, etc. will go, and through whom all papers will issue. He will keep all the planning section papers and be responsible for all relation with other branches of 141 HQ. He will deal with all the mechanics of planning C.A. in the plan, allocate officers and vehicles in the assault and subsequent phases, arrange their training programmes eventually for their disposal in the convoys etc. He will also be responsible for preparing and issuing their general directions, particular instructions etc. He will have direct access to Major General Lord Rennell, whose principal staff officer he is, until such time as the government is set up in HORRIFIED when he will assume whatever functions are allotted to him. He will have a limited number of subordinate American and British officers to help him, and will have charge of the clerical staff of the planning section. He will deal with the

such relations with AFHQ as are

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There will, in addition to the G.S.O.1 and his staff, be a number of other officers who will either be posted or lent to the planning section to deal with special subjects such as civilian supply, finance, currency, police, etc. These officers will be grouped into appropriate sub-sections and the senior officer of these sections will have direct to Major General Lord Rennell as his assistance for this purpose. These officers, but not necessarily all of them, since some may only be lent ad hoc, will find places in the Military Government, but as stated above, not necessarily in the same spheres as they have been in, in the planning section. The heads of these sub-sections may have access to AFHQ etc., with Major General Lord Rennell's agreement, to deal with the subjects they are handling. Their correspondence, in and out, will however pass through the G.S.O.1, in all circumstances.

HQ 141 Force,
Field.

Major General Lord Rennell.

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HQ 141 Force,
Field.

Major General Lord Rennell.

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141F/7804/CA

23 Apr 43

Note of Conference: Major General Lord Rennell, C.C.A.O.
 Brigadier R.G. Stanham, D.P.I.C.
 Lt. Colonel A.T. Maxwell

1. Currency-A copy of cable 70540F 5 from TROOPERS was handed to Brigadier Stanham. Lord Rennell pointed out that the question of currency, and rates of exchange was still open. There were advantages in isolating Lira currency in HORRIFIED from that in Africa. There was no objection to using Lira stocks, especially for payment of labour. There was, however, in sight only about Lira 20-30 millions. A special operation might produce up to say 350 million more. Stocks in hand were low. Brigadier Stanham stated that he had a good stock of EMANotes; of about £4,000,000, in denominations of £1, 10/-, 5/-, 2/6 and 1/-. There was also a considerable amount of small U.K. coins. It was agreed that Lira notes in quantity might not be found in HORRIFIED, and it was appreciated that the projected exchange, at a later date, to a Lira currency was designed to prevent too wide an emission on the continent of Europe of dollar or sterling notes.

Decided that stocks of Lira notes should be sent in with Task Forces. The necessary distribution will also need to be arranged by London and Mideast, but must depend on the total available, about which information was being sought. The stocks would be used, in the first place, for labour and special payments.

2. Spending power of troops- Brigadier Stanham mentioned that the weekly payment in North Africa amounted to £80,000-£100,000, against which £70,000 was returned through NAAPL. It was noted that the amount seemed to be related both to the sterling-franc rate and the amount of goods available, which in North Africa was small. It was anticipated

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3. Holding of Currency Reserves- It was decided that in the first phase the D.P.I.C. should hold reserves of BMA notes and Lira; this was subject to W.O. concurrence. In the second phase when administration would be actively functioning and military operations tending towards garrison duty, Civil Affairs would hold reserves and paymasters would draw from them as necessary.

The C.A. Officers would need to account for amounts drawn and would tender receivable orders against stores drawn.

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made.

5. Requisitioning and purchase- Lord Rennell explained that Civil Affairs much favoured purchase to requisitioning; because of the avoidance of (a) unnecessary accountance and, (b) inevitable delay in settlement. Requisitioning would have an adverse effect on the temper of the population and on their willingness to part with the goods. It was clear that vegetables, fruits, etc. should be brought for the troops and that L.P.O.s would probably be provided for divisions. Such requisitioning as was essential, should be made against the issuance of a receipt, and compensation should be settled preferably through means of requisitioning assessment committees, consisting of representatives of S & T, Civil Affairs and D.P.I.C. The committee, after assessing value would endorse the requisition note in accordance with policy and direction regarding immediate payment, etc. Brigadier Stanham referred to Hirings and Claims Department, and it was agreed that this question would need to be clarified.

5. Banks- It was decided as a matter of convenience that it would be desirable for principal bank-buildings in each centre - preferably the Banca D'Italia - to be taken over to afford office accommodation for the Note Reserve. Control of banks was the responsibility of the Chief Finance Officer for Civil Affairs.

HQ 141 Force.

Major General,
Civil Affairs.

4150

AFHQ
INCOMING MESSAGE70540 F 5
CLASS: MOST SECRET

FROM: TROOPERS

DATE: April 151955B

RECD: 160149A

PREC: ROUTINE

"EDITED LITERAL TEXT"

BIGOT

FOR FORTUNE
TO FREEDOM RPTD FORCE 545 (MIDEAST PASS)

Force 545 GP (1) A/33379 10 April addressed you repeated here.

1st. Currency (A) Matter still under discussion with Washington. Strong indications eventual arrangements will be Americans use yellow dollar seal dollars as spearhead currency. British local currency and BMA notes both American and British switching to special new currency denominated in lire when circumstances permit. Instructions will be sent later as to use of BMA and lire by British paymasters.

(B) Such small denomination local currency as has not been destroyed will almost inevitably have to be used to some extent as small change though we are preparing 6-penny BMA notes and could send out some 12-sided 3-penny pieces and pence.

(C) Rennell should indicate amount lire to be taken by each Force. He should take over stock of BMA notes from First Army. We will send supply BMA with divisions from UK.

(D) Civil Affairs should maintain cash reserves and issue in bulk to DPIC for Army. (But see A on file "B")

(E) Confirmed.

2nd. Requisitioning.

(A) Subject your agreement will arrange

printing UK.

(B) Propose forms other than for divisions ex

UK sent you for distribution N. Africa and Mideast.

3rd. Allowances. Noted. General question under consideration. Hope decision within next fortnight.

ACTION: 5 Force 141

70540 F 5

April 151955B

HFK toa

Force 545 GP (1) A/53379 10 April addressed you repeated here.

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(C) Rennell should indicate amount lire to be taken by each Force. He should take over stock of BMA notes from First Army. We will send supply BMA with divisions from UK.

(D) Civil Affairs should maintain cash reserves and issue in bulk to DPIC for Army. (But see A on folio 11 B)

(E) Confirmed.

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3rd. Allowances. Noted. General question under consideration. Hope decision within next fortnight.

ACTION: 5 Force 141

HFK toa

April 151955B

70540 F 5

This seems to be correct. I have taken one of the 12-sided 3-penny pieces and it is correct. I am sending it to you.

4150

AFHQ

INCOMING MESSAGE

FROM: FORCE 545

DATE: April 101705C REF. NO. GP(1) A/33379

RECD: 110820A

PREC: PRIORITY

CLASS: MOST SECRET

BIGOT HUSKY"EDITED LITERAL TEXT"TO FREEDOM FOR FORTUNE
RPTD TROOPERS

Request information on following points regarding Pay Services.

1. Currency.

- (A) Whether special currency common to U. S. and British forces to be used.
- (E) Will local currency be used for small change?
- (C) Confirm Troopers will supply bulk sum required despatched Middle East with proportion distributed Divs in North Africa and UK.
- (D) Will Civil Affairs maintain cash reserves or draw on Pay Services when set up in HORRIFIED?
- (E) Confirm all services Dominion and Allied forces other than U. S. will draw on British Army Base Cashier.

2. Requisitioning.

- (A) Assume requisition forms to be printed in UK for security reasons but if intention is to print in Middle East early advice required.
- (B) Confirm supply and distribution as for currency.

3. Allowances. DP in C Middle East recommends institution of Combined Overseas Allowance for all ranks to be continuous from date of embarkation in respect of Middle East or North Africa troops and from date of arrival overseas for troops from UK. Appreciate some of these points can not yet be decided but grateful all available information.

ACTION: 5 Force 141

HFK tca

April 101705C Ref. No. GP(1)A/33379

415

(CYPHER)

DEPARTMENTAL NO. 1.

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax.

No. 1400

24th March, 1943.

D. 5.20 a.m. 25th March, 1943.

R. 12.40 p.m. 25th March, 1943.

IMMEDIATE
MOST SECRET
DEDIP.

My immediately preceding telegram.

Following from Phillips for Treasury.

After further discussion the agencies concerned have definitely decided to recommend the use of dollar notes distinguished only by special seal as spearhead currency. They leave us free to use what spearhead currency we please, either the local currency in our hands or B.M.A. notes linked to dollars by proclamation or B.M.A. notes not so linked. I see no hope of inducing them to change their decision. I would be glad to know your decision, which I presume will be to use the local currency so far as available and failing that, B.M.A. sterling notes linked to dollars or else B.M.A. notes in local denominations if these have been prepared (see paragraph 3 below).

2. Americans are also opposed to using special notes denominated in dollars. While no final decision has been taken by higher authority, they have found in the Ministers a strong prejudice against the use of any note denominated in dollars which does not carry the full rights of a dollar.

3. On the other hand they believe that if they use dollars as spearhead currency they will be able to produce enough special notes denominated in local units to carry into effect the scheme in paragraph 5 (C) of my telegram No. 997. Their idea would be put in hand at once the printing of large quantities of surplus stock. This having no inscription, would be available for any kind of special note. When the time came they would print in single colour the name of the issuing authority, the area, the unit of currency and the amount. They would be prepared to print for us as well, if we followed this plan, and in the case of an Allied territory where the Allied Government had not prepared the notes, they could put them in as the issuing authority. The notes would be standard in design and only in two sizes, but they are examining the possibility of doing them in different colours for different denominations.

4. They are not very clear who would be their issuing authority and toying with ideas of puppet banks etc., but I am trying to persuade them that the United States military authority is best.

5. The inscription could be printed on at one of two stages:

(a) immediately news of the operation became public, in which case the notes would begin to be available on the spot in one week plus transportation time;

(b) beforehand if the Bureau of engraving can operate the

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4. They are not very clear who would be their issuing authority and toying with ideas of puppet banks etc., but I am trying to persuade them that the United States military authority is best.

5. The inscription could be printed on at one of two stages:

(a) immediately news of the operation became public, in which case the notes would begin to be available on the spot in one week plus transportation time;

(b) beforehand if the Bureau of Engraving can operate the following scheme and if the War Department and War Office approve it from the security angle. As soon as enough blank stock was available, simultaneous work would start in the Bureau of Engraving on notes for half a dozen different countries to be chosen by military authorities, thus making it impossible to guess which is immediately required.

6. I will telegraph as soon as it is known whether the Bureau of Engraving can work scheme (b), and meanwhile would like to know urgently whether the War Office will pass it from the security angle. It is obviously preferable to scheme (a) if it can be done. No work will be done outside the Bureau.
7. The scheme envisaged is thus as follows:-
- (a) The United States forces will use dollars distinguished by a special seal as spearhead currency;
 - (b) they leave it to us to choose what our spearhead currency shall be;
 - (c) as soon as possible they will switch over to local currency, so far as that is available, and failing that, to special notes denominated in local currency;
 - (d) they suggest that we also should use B.M.A. notes denominated in local currency at stage (c) if there is not enough local currency and offer us their printing facilities;
 - (e) if at any point after spearhead phase, enough locally denominated notes are not available to meet requirements, they (if omitted; will) presumably use special seal dollars and we will use B.M.A. sterling notes.
8. They agree that in allied countries they should as far as possible use Allied Governments' notes, but insist on using dollars as spearhead currency. They find it hard to believe that Allied Governments will object to this, since it gives them purchasing power. Have you evidence of Allied objection beyond Belgian note of November 26th and Beyen's letter to Fraser of December 18th?
9. In France they propose, after spearhead, to use special noted denominated in francs if enough local currency is not available.
10. On the question of spearhead currency there is no moving them, nor I think on the question of using special dollar notes. I therefore recommend accepting their present proposals, which at least limit (gp. undec.). Obviously the scheme must be further examined in the light of estimates of our actual requirements in each of the currencies concerned. Any data which you can give me on our requirements of different currencies and denominations will be helpful.
11. Please telegraph at once whether you approve of starting work on preparation of blank stock. This commits us to nothing and seems obviously sensible. The United States Treasury want to know that you approve before starting work.
12. Please send me urgently by bag specimens of all Allied notes being printed in London for submission to the State Department (see my telegram No. 1102, Paragraph 3). They will try to get Dutch notes for submission to the Foreign Office..

- (b) they leave it to us to choose what our spearhead currency shall be;
- (c) as soon as possible they will switch over to local currency, so far as that is available, and failing that, to special notes denominated in local currency;
- (d) they suggest that we also should use E.M.A. notes denominated in local currency at stage (c) if there is not enough local current and offer us their printing facilities;
- (e) if at any point after spearhead phase, enough locally denominated notes are not available to meet requirements, they (Isp. omitted: I will) presumably use special seal dollars and we will use B.M.A. sterling notes.
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CTP.

(Copies sent to Sir D. Waley).

(CYPHER)

DEPARTMENTAL No. 1.

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax.

No. 997

1st March, 1943.

DEDIP

MOST SECRET

My telegram No. 665.

Following from Phil..... for Waley.

Discussions have now started on expert level and will continue. Our first meeting was concerned with the question of whether special notes or dollars only distinguished by black seal (corresponding to yellow seal in North Africa) should be used in future operations.

2. It was generally admitted that it would take too long to print special notes in local denominations.

3. Bernstein said that there was some hesitation at first in accepting B.M.A. notes in North Africa but he attributed this principally to the failure to issue immediately proclamation of rate of exchange. On the other hand he thought that admitted acceptability of B.M.A. notes later really proved nothing as they were interchangeable with dollars.

4. It is plain that the United States Army are not willing to take the risk of using United States notes in the initial stages of invasion when the reluctance of the local population to accept an untried medium of exchange might cause delay. United States Treasury and State Department fully realise there are some undesirable financial implications in this, but regard it as a small matter. In the end only a very small fraction of United States expenditure in enemy territory will have this particular form.

5. It is common ground that we should move over to local currency as soon as we can obtain it; but this may be some time if we only capture an outlying piece of enemy territory.

6. Discussion closed with three tentative suggestions by the Americans on the table:

(a) to proceed as in North Africa, United States using black seal dollars and United Kingdom using B.M.A. notes, both interchangeable.

(b) as in (a) without interchangeability i.e. United States paymasters would not accept B.M.A. notes and we need not accept dollars.

(c) Both countries in first few days to use "good" currency say black seal dollars. If we are able to lay our hands immediately on sufficient local currency we would go straight over to that but if not as soon as circumstances permitted we would

Discussions have now started on a special level and will continue. Our first meeting was concerned with the question of whether special notes or dollars only distinguished by black seal (corresponding to yellow seal in North Africa) should be used in future operations.

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 - (b) as in (a) without interchangeability i.e. United States paymasters would not accept B.M.A. notes and we need not accept dollars.
 - (c) Both countries in first few days to use "good" currency say black seal dollars. If we are able to lay our hands immediately on sufficient local currency we would go straight over to that but if not as soon as circumstances permitted we would go over from "good" currency to special notes and would continue using these special notes till local currency was available. These notes in our case would be B.M.A. and in the American case something similar; or else we could use a common note.
7. Proposal (b) was designed to meet our unwillingness to be de facto on a dollar basis but it has obvious disadvantages and I would rule it out.
8. Proposal (c) made by Harry White has a lot to be said for it and I suggest that we would do well to support it. We are most unlikely to overcome United States army's reluctance to start with dollar bills but this scheme cuts down period during which they would be used to a minimum. White rather hopefully suggested a week if all went well.

9. Please let me know your views.

10. I have asked for information on bank note printing requested in Rowe-Dutton's letter to Playfair of January 23rd.

OTP.

(Copies sent to Sir D Waley).

118/Abd/4695(F.5.)

COPY.

7th January 1943.

AIR MAIL

Memorandum for:-

Controller of Finance & Accounts,
Political Branch, General Headquarters,
Middle East Force, Cairo.

O.T.A. Works Services.

1. The method of dealing with works services in occupied territory has been reviewed and, after discussion with Major General Lord Rennel, the following procedure has been agreed.
2. All new capital works services and maintenance services estimated to cost £1,000 or over should be shown separately in the Annual Estimates. Items under £1,000 may be shown in bulk as Miscellaneous Services, unless any item is of abnormal interest, e.g. a contribution (grant in aid) for the execution of work which will not be in the O.T.A. ownership, e.g. S.E.D.A.C. dam.

The total estimate and the proposed expenditure during the year should be given.

3. In submitting the Annual Estimates to the War Office for sanction brief particulars of each works service estimated to cost £1,000 or more should be given and if the estimate is necessarily high the cause should be stated. The purpose of the service should be mentioned. If the work is to be carried out by other than a lump sum contract, the type of contract or other means of execution should also be reported. Alternatively such services should be submitted as and when they are ripe for execution and their appearance in the Budget would not be intended to secure any approval, but merely to show that expenditure of the order shown was contemplated.
4. The above procedure should also be applied to capital expenditure and maintenance of Railways and the Ropeway.
5. No reinstatement of war damage to private property should be approved without prior reference to the War Office unless the building is required for Military use or for O.T.A. projects. In the case of buildings required for Military use or O.T.A. projects urgent repair may be put in hand but a report should be made to the War Office as soon as possible. Non urgent work should be referred before execution.
6. Please confirm that this procedure will be followed in future.

(Signed) C.E. K.Y.

4155

Copy to:- V/Controller of Finance and Accounts,
Political Branch, Headquarters,
East Africa Command, Nairobi.

1. The method of dealing with works services in occupied territory has been reviewed and, after discussion with Major General Lord Rennel, the following procedure has been agreed.
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6. Please confirm that this procedure will be followed in future.

(Signed) C.E. KEY.

4153

Copy to:- V/Controller of Finance and Accounts,
Political Branch, Headquarters,
East Africa Command, Nairobi.

The question raised above has subsequently been merged into the larger issue of financial powers. No decision has been reached when I was in Cairo (8/5) as

22/5

5th January 1943.

16/Abroad/1508 (T.5.)

Memorandum for :-

Controller of Finance and Accounts.
Occupied Territories Administration,
Political Headquarters,
East Africa Command,
Nairobi.

Colonial Adshead's note, dated 29th October.1942, entitled "The Method of Accounting for Army Issues in Kind", has been discussed in detail, together with other accounting questions, with Lord Rennel, and the following arrangements agreed:-

7. Adventitious Profits and Losses.

The question of whether these items should be included in the O.T.A. accounts in such a way as to ensure inclusion in any claim against the Italian Government is one of policy, which it is desirable should be settled in the light of circumstances at the time when the claim is to be presented.

It is therefore necessary to secure now what they can easily distinguish, and you are requested to bring them to account in the O.T.A. Headquarters account in such detail as it is necessary to show in which territory the profit or loss arose.

2. Accounting for Currency.

The currency accounts should be kept separate from the C.T.A.;
main accounts.

The detailed arrangements for accounting in War Office books for currency are being reviewed and if necessary, a further memorandum will be addressed to you.

These instructions apply to B.M.A. notes when they are used in occupied territory, as well as to such currencies as East African and M.T. Dollars. Only small book-keeping profits and losses appropriate to Q.T.A. transactions will appear in the main O.T.A. Accounts.

3. Internal Audit.

It has been agreed that the arrangements for carrying out internal audit of O.T.A. accounts should be strengthened and approval has accordingly been given for the staff changes involved in re-organising the department of the Inspector General of Accounts.

4. Accounting for Issues and Services.

In order to enable you to reflect in the Occupied Territories Administration accounts the total cost of administration, so that the cost of administration by means of budgets and

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It has been agreed that the arrangements for carrying out internal audit of O.T.A. accounts should be strengthened and approval has accordingly been given for the staff changes involved in re-organising the department of the Inspector General of Accounts.

415'

4. Accounting for Issues and Services.

In order to enable you to reflect in the Occupied Territories Administration accounts the total cost of administration, so that a proper control of expenditure by means of budgets and vote control may be secured, it is proposed that the financial instructions issued in War Office letter 16/Abroad/1226, dated 17th March, 1941, Paras. 10 and 11, should be modified as follows:-

(a) The cost of issues and services will, in future, be included in the O.T.A. accounts instead of being recorded in a separate quarterly statement to the War Office. The accounts will be rendered in such a form as to distinguish clearly between transactions in cash and transactions in kind. The principle that no cash adjustment will be made between the Army and O.T.A. for issues and services will be maintained.

- (b). In order that the cost of issues be included currently in the O.T.A. accounts, all issues will in future be accompanied not only by an issue voucher, but by a receivable order in duplicate. One copy of the receivable order will be sent forward through the receiving administration setting up a debit therein, down to the departmentor section which is required to account for the cost of issuing against its budget vote; the other copy of the receivable order will be returned, signed, to the issuing department, as an acknowledgement/receipt and will in due course be passed to H.Q. O.T.A., where the necessary checking will follow.
- (c) In order that the cost of emoluments of Army personnel serving in O.T.A., may be included currently in the O.T.A. accounts, the War Office will supply you with average rates of cost of Army offices by ranks. Although, under this new arrangement, the monthly list of Army personnel called for in Para. 11 of the instructions will not be required for the purpose of costing, it will nevertheless still be required for other purposes, and a separate communication is being sent to you on this subject.
- (d) As regards services, such as the use of W.D. Transport, accommodation etc., the Army authorities will issue to O.T.A., receivable orders for the cost of such services in the same way as in (b) above.
- (5) The proposals outlined in Para. 4 are contingent upon the agreement of the local military authorities, in East Africa and Middle East. Copies of this letter are therefore being sent to the Financial Advisor, Middle East and Command Paymaster, Middle East, the Commander Paymaster and Financial Advisor, East Africa, and the Director of Military Audit, East Africa, and you should make the necessary detailed arrangements with them and with local representatives of R.E., S. & T., etc. In particular, the R.E. should be consulted about the practicability of pricing Vote 10 stores. Upon receipt of your confirmation that these authorities have no objections, the new arrangements will be considered to be in force.

(sgd) C.E. KEY.

NOTE CIRCULATION

COLLATED
M. E. W.1943
LA

Since Italy's entry into the war borrowing from various institutions, together with issues of new currency amount to about 55 milliard. No figures have been published since June 1940 of issues of bank-notes, but the pre-war total was 25 milliard, so that the present total lies somewhere between this figure and 80 milliard. From various indications it may be inferred that an estimate of around 60 milliard Lire would not be far from the truth.

Whatever the note circulation may be, it has certainly practically no gold backing. Italy's gold and foreign currency reserve in June, 1940 was reported to be about 2½ milliard lire, a considerable proportion of which was in the U.S.A. in the form of foreign bills: by now, it must be seriously reduced, probably to a negligible figure.

In October, 1942, a well-known Italian economist put forward the idea of a lire based on mercury: the suggestion aroused considerable interest, and was treated quite seriously by the Italian press.

At the beginning of December, 1942 a report, as yet unconfirmed, stated that banks had been forbidden to allow cash withdrawals of more than 2,000 lire per customer. At the time of writing, it is not possible to state clearly the motives of such a regulation. It may have been prompted by local runs on banks in Genoa, Turin, and other towns affected by air-raids; alternatively, it may be of wider scope, intended to check note circulation, and thus avoid the outward appearance of inflation.

PRICES.

Decrees issued in June, 1940 and in March, 1941 stated that prices in general must remain at the same level as in July, 1940: this applied to wholesale and retail prices for all kinds of goods, supplies of water, gas and electricity, salaries, wages, professional fees

of doctors, lawyers, architects etc., emoluments of company directors, partners, auditors, liquidators etc., and rents. (19)

This measure had of course no effect on the prices of imported raw materials and semi-manufactured goods, and as these prices rose gradually by 25%, 50% and in some cases even by 200 and 300%, so numerous exceptions had to be made authorising increased selling prices for goods composed entirely or partially of imported materials. Thus, the cost of living began to rise, and further exceptions had to be made to permit increases of wages and salaries, with the result that the enforcement of the Price Stop became more and more problematical.

Apart from this, there was considerable evasion by the general public of the price blocking decrees.

Control proved so ineffective that it was temporarily transferred from the State to the Fascist party, i.e. from the regional Government officials to officials of Fascist party organisation. This experiment failed to prevent the evil, and within less than twelve months price control was again taken over by the Government.

There has been much outspoken comment in the Italian press on the subject of price increases in all kinds of commodities, from aperitifs, shaving soap and shoe repairs, to articles of furniture, jewellery and pictures, and even buildings and land. It is stated that prices have risen to five and six times the pre-war level.

Early in 1942, Mussolini and Azzonini (Governor of the Banca d'Italia) both spoke publicly inveighing against unpatriotic citizens who ignored the regulations of the price-blocking decrees, and invested their money in goods or real estate at inflated prices. When the Italian insurance companies issued a circular to all their clients early in 1942, suggesting that insured

/values

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values of goods and property no longer represented their present value and should therefore be increased, prompt action was taken by the Italian Government, who pointed out that such a circular was liable to increase the very trouble they were trying to avoid, and the circular was withdrawn.

The evil, however, is widespread, in fact it may be said that there are three markets in Italy; one, the official market where goods are bought and sold at official prices; two, the other extreme, i.e. the black market proper, where goods change hands clandestinely at enhanced prices, and judging from the frequent reports of prosecutions this market must be fairly wide in extent; and three, a market which is frequented by everybody, where goods are sold more or less openly at higher prices than the official ones, and where nothing is said, partly because too many people are involved, partly because it may be realised that the controlled prices frequently no longer cover the cost of production.

The absence of effective price control had various repercussions on Italo-German trade; to start with, Italian export prices increased until at the end of 1941, Germany insisted on their being fixed at a reasonable level; when this was done, some Italian exporters, particularly of textiles, found they could realise higher prices by selling on the home market, so that the flow of goods to Germany decreased. There is evidence that Italy then had to consent to some sort of German supervision of price control in Italy, in order to bring Italian deliveries up to the desired level. In October, 1942, the trade agreement between the two countries was modified to the extent that Italy assumed an obligation to deliver fixed quantities of goods expressed in tonnage instead of in value as heretofore, with the additional proviso that the requisite quantities of goods must be delivered at previously fixed prices.

Thus Italy is now compelled to deliver fixed quantities of goods, irrespective of price increases in the home market, and in order to maintain this obligation

ITALY: CURRENCY AND PRICES 3A
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CURRENCY. The standard currency is the Lira of 100 Centesimi. On the 21st December 1927, the Lira was stabilised at the rate of 92.46 to the pound sterling. The order fixed the gold parity at 7.919 grammes of fine gold per 100 lire which made the exchange parity 19 lire to the U.S.A. dollar.

By a Royal Decree Law of November 14th, 1935, the National Institute for foreign exchange was empowered to fix and to change the prices to be paid for gold, and starting from Nov. 25, 1935, a price of 15.50 lire per gramme of fine gold was consequently paid, as compared with the previous parity price of 12.6276.

By a further decree of Oct. 5, 1936, 4.677 grammes of fine gold are enacted to be the equivalent of 100 lire as compared with a previous gold content of 7.919 grammes, the devaluation being about 41 per cent. This devaluation is made exactly equivalent to America's devaluation in 1934 of 59.06 per cent of the former gold parity of the dollar. The former relation between the Lira and the U.S. dollar, viz. 19 lire to the dollar, was thus re-established.

The money in general use is a paper currency; notes of 10, 50, 100, 500 and 1,000 lire are in circulation. At the end of 1942 an unknown amount of large notes was put into circulation, consisting of notes originally printed for use in Italian East Africa; the Banca d'Italia is the sole bank of issue. There is a further issue of notes of small denomination, viz. 1, 2 and 5 lire, which is made by the Italian Treasury. The total of these latter at the end of 1942 was reported to be around 4,684 million lire; the total of bank-notes issued is not known, but was estimated at around 60 milliard lire at the end of 1942.

The following coins have been struck:-

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/Gold

Gold	-	100	Lire
		50	"
Silver	-	20	"
		10	"
		5	"
Nickel	-	2	"
		1	"
		50	Centesimi
		20	"
Bronze		10	"
		5	"

On 21st July, 1935 the law which provided for a gold cover of 40 per cent against the note issue was suspended.

Gold coins have never been in circulation and few silver coins of 20 and 10 liras were issued.

A Royal Decree Law of May 20th, 1935 authorised the replacement of silver coin by 10 lire currency notes: which was done in 1935 and 1936 up to an amount of 1,350 million lire. In 1937, a Royal Decree Law of December 23rd authorised the issue of new silver coins up to 1,500 million lire; little use was made of this power, however, and in October, 1941, the withdrawal of silver coins of 5 liras was ordered, the date for surrender being fixed at 31st October, 1941 and subsequently extended to February 28th, 1942.

Coins of "acmonital" (that is "acciaio monetaris Italiano", Italian monetary steel) were put into circulation in April, 1939, in denominations of 2 lire, 1 lire, 50 and 20 centesimi; the nickel coins of the same denominations were declared to be no longer legal tender, but in July, 1942 it was announced that they would still be accepted by Government offices and the public services.

APPENDIX I

THE MOVEMENT OF WHOLESALE PRICES AND COST OF LIVING IN ITALY

Published statistics make possible a study of the movement of prices until the end of 1941. It emerges therefrom that wholesale prices rose 13% from 1935 to 1940, 14% from 1940 to 1941 and 32% from 1939 to 1941. It must, however, be taken into account that in the year 1939 there was a temporary increase of prices caused by the war, which was already felt, and that, on the other hand, the average figures for 1941 does not show how much prices had increased by the end of 1941. Furthermore, it must be kept in mind that the increase in prices in Italy goes back to 1934 and has since expanded considerably. From 1934 to 1941 the index of the wholesale prices has risen by no less than 113%. The biggest increase has taken place in the price of semi-manufactured goods.

Movement of wholesale prices. (1928 = 100)

	total figure	Raw materials	Semi-manufactured goods	Finished articles
1933	63.4	57.9	67.4	65.0
1934	62.0	57.3	65.6	62.5
1935	68.2	65.0	74.9	68.3
1936	76.4	75.2	89.7	72.8
1937	89.1	85.5	101.3	84.0
1938	95.3	90.7	111.2	93.8
1939	99.4	95.4	119.1	96.7
1940	115.5	112.0	141.9	107.2
1941	131.8	129.2	147.2	118.3

Divided into industrial products

	Metals and machinery	Fuel and mineral oils	Chemicals and fertilizers	Paper	Timber
1933	70.0	85.6	71.8	67.0	76.4
1934	67.7	81.4	67.2	61.5	80.4
1935	74.8	94.4	73.7	62.4	86.2
1936	87.4	115.4	83.7	60.6	98.7
1937	103.6	124.0	97.7	97.9	134.7
1938	114.4	143.1	104.5	119.1	150.7
1939	110.1	152.9	104.7	117.1	170.3
1940	131.8	230.9	117.0	145.0	225.5
1941	139.8	243.5	120.9	166.9	255.8

On an average, wholesale prices in 1941, as against those for 1933, rose about 69% for fertilizers and chemical products, about 100% for textiles and leather goods, 100% for metals and machinery, 150% for paper, 144% for fuel and mineral oils and about 236% for timber. In the same period the index number for non-metallic ores, earthenware, and glassware rose from 71 in 1933 to 115.8 in 1941, i.e. 63% the wholesale index price of food-stuffs rose from 61 in 1933 to 129 in 1941, i.e. 112%.

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1940	115.5	112.0	141.9	107.2
1941	131.8	129.2	147.2	116.3

	<u>Divided into industrial products</u>					<u>Timber</u>
	<u>Textiles, leather hides.</u>	<u>Metals and machinery</u>	<u>Fuel and mineral oils</u>	<u>Chemicals and fertilizers</u>	<u>Paper</u>	
1933	46.1	70.0	85.6	71.8	67.0	75.4
1934	45.8	67.7	61.4	67.1	61.5	80.4
1935	49.7	74.8	94.4	73.7	62.4	86.2
1936	61.9	87.4	118.4	83.7	50.6	90.7
1937	79.0	103.6	124.0	97.7	97.9	134.7
1938	83.0	114.4	146.1	101.5	119.1	150.7
1939	85.9	110.1	158.6	104.7	117.1	173.8
1940	913.3	131.8	250.8	117.0	135.0	225.9
1941	92.9	139.8	243.5	120.9	158.0	255.8

On an average, wholesale prices in 1941, as against those for 1933, rose about 69% for fertilizers and chemical products, about 102% for textiles and leather goods, 100% for metals and machinery, 150% for paper, 184% for fuel and mineral oils and about 236% for timber. In the same period the index number for non-metallic ores, earthenware, and glassware rose from 71 in 1933 to 115.8 in 1941, i.e. 63% the wholesale index price of food-stuffs rose from 61 in 1933 to 129 in 1941, i.e. 112%.

The high degree to which Italy depends on imports has naturally contributed to the steep rise in prices, but prices for the principal home-produced goods have also risen considerably.

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Wholesale Price Index

	Principal home products	Principal imports	Exports
1936	74.2	90.1	63.4
1937	86.3	102.7	81.7
1938	93.3	107.7	88.1
1939	96.3	115.0	87.1
1940	108.9	155.3	94.5
1941	121.8	164.0	108.7

Goods principally of home production increased in price by 65% from 1936 to 1941, as against an 82% increase for goods principally of foreign origin. Goods for export rose in price by 72%.

The cost of living also shows a not inconsiderable rise since 1934, as the following index shows (1.6.28 = 100):

	Index of the cost of living	of which food
1933	80.5	73.8
1934	76.9	70.4
1935	77.5	72.8
1936	83.5	78.0
1937	91.7	86.1
1938	99.1	93.0
1939	103.6	97.0
1940	120.8	114.0
1941	139.4	137.2

From this it follows that from 1934 to 1941 the cost of living rose by 82% and the cost of food by 93%. From 1939 to 1940 alone the cost of living rose by 17%, and from 1940 to 1941 by 15.4% or by 34% from 1939 to 1941.

Wages have up to now not been correspondingly adapted to the rise in prices.

It is required that there are plans to calculate the index of living cost on new scale in order to adapt it to the changed conditions.

APPENDIX IIComparative retail prices of various commodities

		Retail 1939	Retail 1942 (official or con- trolled prices)	Black Market 1942
		Lires	Lires	Lires
<u>Food</u>				
Bread	per kilo	2.	2.40	-
Wheat Flour	" "	2.	3.00	30.
Pasta	" "	2.50	4.00	25.
Sugar	" "	6.50	8.00	40.
Olive Oil	" lire	8.50	15.00	150.
Butter	" kilo	16.00	25.00	120.
Beef	" "	8.50	20.00	100.
Eggs	each	0.60	2.00	6. .
<u>Clothing</u>				
Man's Suit			255-580	2000-3000
Overcoat			350-620	2000-4000
Shirt			34-91	100-300
Mens' Shoes	pair	60-100	80-150	800-1000

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MOST SECRET

CURRENCY FOR FUTURE OPERATIONS.

1. It is agreed policy in all cases to use ordinary local currency whenever it is available or can be obtained. This memorandum refers only to steps to be taken to the extent that ordinary local currency is not available. We can never know in advance what local currency will be available in the territory to be occupied, and we must therefore have considerable reserves either of the local currency or of the B.M.A. etc. notes.

2. For the operations in French North Africa we are using special sterling notes marked "British Military Authority" and the Americans ordinary dollar notes distinguished only by a "yellow seal." The present intention is to withdraw the B.M.A. notes and dollar notes in French North Africa by the end of the calendar year.

The B.M.A. sterling notes can be called in by the local authority and exchanged for local currency; any not surrendered in a given period can be declared worthless. They will cease to be legal tender in the country where issued, and are not legal tender in the U.K. They could not therefore be dealt in between individuals except locally and temporarily.

Dollar notes, even if distinguished by a yellow seal, cannot be so called in. The local authority may call them in for exchange against local currency, but they will be hoarded; and though they may cease to be legal tender locally, they will remain legal tender in the U.S.A. They will therefore retain their full value and can be dealt with between individuals and internationally. Eventually they will find their way back to the U.S. against real value. Any import prohibition now imposed will be impossible to maintain after the war.

3. When we come to occupy countries such as France, Italy and Germany the cost of local expenditure will be met in "real" money by the Americans if they continue to use "real" dollar notes which cannot effectively be called in and demonetised. Our special sterling "B.M.A." notes have not this disadvantage, but for that reason

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3. When we come to occupy countries such as France, Italy and Germany the cost of local expenditure will be met in "real" money by the Americans if they continue to use "real" dollar notes which cannot effectively be called in and demonetised. Our special sterling "B.M.A." notes have not this disadvantage, but for that reason will be less acceptable than ordinary dollars: thus we are apt to incur inconvenience and loss of prestige. Moreover, since the notes used by the U.S. Forces, and by the British Forces must be kept at parity, this means that B.M.A. notes must be exchangeable for ordinary dollars: thus the whole note expenditure by both armies is virtually on a dollar basis and no room is left, as would be the case if special notes were used by both U.S.A. and ourselves, for arrangements with the local authorities to redeem notes in local currency as a part of the general settlement of

occupation expenses. Every effort must be used to put an end to this situation. Our plan (made before the Americans came into the war) was to use special sterling (S.M.A.) notes till we get into touch with the Central Bank of the country concerned and then to arrange with it or compel it to redeem the B.M.A. notes and supply us with local notes in future. In the case of an enemy country we should expect the local currency supplied to us to be free of charge; in the case of an Ally we should ask that at any rate the local currency required for local works and services (i.e. for expenditure other than the pay of our forces) should be supplied to us free of charge.

5. The Americans decided that in the case of North Africa the deciding factor must be the desirability on political and military grounds for using the most acceptable possible currency. They therefore rejected the idea of "special" dollars in favour of "real" dollars, i.e., dollars which the recipient does not distinguish from normal U.S. legal tender currency. But these special political and military considerations, which applied to a dubious neutral such as French North Africa, do not apply equally to an enemy like Italy or to an Ally. It would be unthinkable to enrich Italy by meeting in U.S. dollars the whole local cost of defeating her. The case of France is different, but it would be unreasonable that the whole local cost of liberating her should be paid to her in dollars to be added to her existing large gold and dollar resources. It would not be tolerable that we, whose dollar and gold resources have been drawn on heavily since France capitulated, should have to pay dollars to France to cover the cost (or a large part of the cost) of liberating her.

6. On these grounds we should press the Americans very strongly indeed to use special currency, and not ordinary dollars, for future operations. The matter is urgent because special currency must take many months to produce in sufficient quantities.

7. In many ways it would be better that we and the U.S.A. should both use special notes denominated in the local currency concerned. For security reasons it would be

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7. In many ways it would be better that we and the U.S.A. should both use special notes denominated in the local currency concerned. For security reasons it would be of advantage if the notes of a fair number of different countries are all being prepared at the same time. In the case of friendly territories, it is desirable that the notes as printed should come into our possession rather than that they should stay in the possession of the representative governments of the countries concerned (if any).

(a) It is our intention that the special notes should be exchanged into local currency: the holder is then entitled to receive local currency eventually and it is logical to give him a local currency note.

(b) The holder is accustomed to deal in local currency and friction will be

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avoided.

(c) The rate of exchange fixed would not be so immediately apparent to or so directly affect the local population as a whole. If a depreciated rate were fixed, there would be less scope for hostile propaganda if the special notes were local currency notes.

(d) There would be no danger of notes issued by us being less popular than notes issued by the Americans.

(e) When we arrange for the special notes to be recalled, there would be no dispute as to which special notes had been issued in each country concerned.

8. The disadvantage of producing special notes in local currency is that we cannot within the time and with the paper and manpower available produce special notes in the currencies of all occupied or enemy countries. Franc notes would be useless for an invasion of Italy, franc or lire or reichsmark notes for an occupation of the Balkans, and so on. The quickest way to get an adequate stock of notes available anywhere is to produce only sterling and dollar special notes. In enemy countries there is the possibility that currencies may disintegrate and lire etc. become almost valueless.

9. France is a special case as we already have large quantities of Bank of France notes available. It is hoped that these might suffice until we could obtain further supplies on the spot. But it might be useful to have a further reserve of special franc notes ready in case of necessity.

10. Our first step must be to increase our stock of sterling B.M.A. notes (which is being put in hand urgently) and to try to induce the Americans to produce special dollar notes. As a next step (unless events move too fast) we might eventually produce special lira notes, perhaps special mark notes, and, if later on it appeared to be necessary, special franc notes also. Plates might be designed and made at once, as this is a comparatively simple operation; but the actual production of notes would be an enormous undertaking which would certainly be beyond British and

resources in a reasonable time.

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11. In the cases of the West European Allies, we should undertake -

(a) if possible, that their own notes are produced in quantities ~~considered~~ adequate by the Anglo-American military authorities and by a date fixed by those authorities. The notes would to a large extent have to be produced in the U.S.A. and might have to be of less elaborate types than in normal times.

(b) that these notes are deposited at the Bank of England and/or the Federal Reserve Bank to the order of our military authorities, since the date on which they will be required must probably be secret even from the Allied Governments.

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(1) (c) that we will meet the pay of our forces and will ask to receive free of charges as reciprocal aid notes required for works, services etc. (This would involve an accounting procedure and cannot be directly related to issues of notes).

(d) that we will take full account of the views of our Allied as to rates of exchange (though the final decision must rest with the U.S. Government and H.M. Government) and the date of an invasion must be regarded as a secret which we cannot undertake to communicate to any Allied Government, the decision being one for our military advisers.

Although this should be our aim for these Allied territories, we must recognise that the new Allied notes may not in fact be available in time. Here too, therefore, our first objectives should be to have sufficient amounts of special sterling notes ready and to persuade the Americans to produce special dollar notes.

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