

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

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

785015

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OFEC, OFFICE OF FOREIGN ECONOMIC
CO-ORDINATION
AUG., SEPT. 1943

27 p.

From Eisenhower Lib. FMCS

13 Sep

4/65

11

847

CPA:

Attached are:

Leaking free
with this memo.

① Memo on my book with Tony.

② Memo on O.F.E.C. DCC to approve

this. I think the last paragraph is
the most important.

LE V
Yes: but I think
it is new academic
J. 8/15/79

9/15

PA 25/9 64

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

785015

AMCOT/83/HQAMCOT HQ SICILY13 September 1943

TO : Brigadier General Holmes,
MGS, AFHQ

SUBJECT: Introduction of Civilian Agencies into Territories Administered
by AMCOT.

1. Reference memorandum dated 29 August enclosing letter dated 19 August and memorandum dated 17 August prepared by OFEO, Washington.

2. As to the matters which are covered by the memorandum, I have two comments:

- (a) I believe the plan of an integrated "team" of representatives of civilian agencies involves difficulties under military government, at least in the early phases. So long as there is a military government in the territory (this memorandum is not concerned with any subsequent phase) the civilian experts should operate as members of the existing staff in their special fields. As indicated below at some point the civilian experts may take over an entire field. Until this point is reached, however, the ordinary staff procedure of AMCOT should be preserved.
- (b) No indication is given as to the size of the civilian staff contemplated. As having some bearing on this, however, it should be borne in mind that the policy of the two governments, administered through AMCOT, has been one of indirect supervision and control of existing Italian agencies. The effort has been to place responsibility on the Italians as fast as reliable and competent personnel is available to take it. Progress is slow but a certain measure of success has been attained. If the policy proves to be successful the Italian agencies should be able to function in the various fields of government with limited supervision and direction but without any large operating staff representing the Allied Governments. The withdrawal of Allied supervision will be a gradual matter. This policy should be considered, however, in planning the civilian personnel which is to be brought into the occupied territory.

3. The memorandum of 17 August does not consider the following questions which it is essential to clarify in order to have an orderly transition from military to civilian personnel:

- (a) Relationship of civilian personnel, particularly Area Director, to C.O.A.O. or Regional Civil Affairs Officer.
- (b) Relationship of civilian personnel to the heads of AMCOT staff divisions in various governmental fields.
- (c) Channels of communication with Washington and London.
- (d) Assuming that supply is turned over to the civilian agencies, relationship of channels of supply, including requisitioning, shipping and handling program, etc.

845

- 2 -

4. Tentative suggestions are made below based on two propositions which are basic so long as military government continues.

- (a) That there be no dual responsibility for the supervision of any governmental service in the territory. Italian agencies must deal with a single representative of the Allied Governments.
- (b) That the authority of the military governor be final in matters affecting the civil population.

5. It is proposed that the representatives of the civilian agencies might be introduced into the military government framework as follows:

- (a) Groups of expert civilian representatives should be immediately available at the request of AMGOT for consultation, advice and reporting on special fields such as housing, social insurance, resettlement of refugees, etc.
- (b) Selected civilian experts in each main branch of activity (e.g. health, supply, resources, finance) should come into the territories immediately to study the operation of military government and to work out with the AMGOT organization a program for addition of civilian personnel to the staff.
- (c) Upon the arrival of the civilian personnel in the territory, they should be assigned to the staff of the appropriate division in the same manner as military personnel are assigned. When sufficient personnel has been assembled in any particular field to enable the civilian group to take over the field, the military may be withdrawn. At this point the chief of this civilian branch will become the staff officer of the C.C.A.O. responsible for that particular activity. At some later stage the health, welfare and supply functions might be combined under a civilian chief who would be responsible to the C.C.A.O. for those activities, leaving legal, public safety, property control and certain other AMGOT activities which the civilian agencies are not equipped to take over, to the military.

6. It is emphasized that the foregoing suggestions are to apply only during the period of military government. They may not be applicable to the situation under an amnesty commission, or, obviously, if an Italian government were to be recognized by the Allies.

For the Chief Civil Affairs Officer:

CHARLES M. SPOFFORD
Colonel, G. S. C.
Chief Staff Officer

841

13

URGENT
COMMUNIST MESSAGE
IN

11 X
POLIO 01/23
11 SEP 43.

FROM: HANCOCK BIRMINGHAM CITY FINES
TO: AHS
CROSS NO: 4165

100: 10261/13
MIL:
TOR: 1240

ANALYSIS SENT TO DIRECTOR OF TREASURY BUREAU AUGUST ENCLOSED FOR COMMENT OF SEVENTEENTH
ACTORS PREPARED IN OFFICE OF FOREIGN ECONOMIC COORDINATION OF STATE DEPARTMENT.
RE: IN-REPLY.

✓ ANNA 3 3 ACTION

URGENT

HEADQUARTERS
83 HQ.
SEP 43
88
AMGOT
elm

SEA 14
P.T. 6 JFJ

9 was taken to Algeria by Col. Spofford & will
be in their hands by now. N.A.

8:3
P.A.
16/9.

10

ALLIED FORCE HEADQUARTERS

Military Government Section

TBJ/jm

10 September 1943



SUBJECT: OFEC Proposed Plan for Sicily

TO : C.C.A.O.

5

1. Reference letter, subject as above, sent to you by covering memorandum on 29 August 1943.

2. Your attention is invited to the need for an early reply in order that cable response may be made incorporating your comments.


T. B. JALLMAN
Major

Military Government Section

See #9
P/A
6 9-14-43

842

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

785015

To: Brig. Gen. Holmes
MGS, AFHQ

AMCOT/BA/IN

AMCOT IN SCULIN

13 September 1943

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- (d) Assuming that supply is turned over to the civilian agencies, relationship of channels of supply, including requisitioning, shipping and handling program, etc.

3 Copies on
Secret Service
file.

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4. Tentative suggestions are made below based on two propositions which are basic so long as military government continues.

- (a) That there be no dual responsibility for the supervision of any governmental service in the territory. Italian agencies must deal with a single representative of the Allied Governments.
- (b) That the authority of the military governor be final in matters affecting the civil population.

5. It is proposed that the representatives of the civilian agencies might be introduced into the military government framework as follows:

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6. It is emphasized that the foregoing suggestions are to apply only during the period of military government. They are not applicable to the situation under an armistice commission, or, obviously, if an Italian government were to be recognized by the Allies.

ROUTING SLIP

☒ C. S. A. O. _____
☒ D. C. C. A. O. _____
D. C. S. O. _____
COL. CLOUGH _____
MAJOR SMITH _____
MAJOR McDOUGALL _____
LT. VAN HEUKELCH _____
CAPT. GRAHAM _____
P. R. O. _____
ADVISOR F. A. & M. _____
CAPT. DAVIS _____
CAPT. TALBOT _____
LEGAL DIV. _____
FINANCE D.V. _____
CIVIL SUPPLY _____
PUBLIC SAFETY _____
PUBLIC HEALTH _____
CONTROLLER PROPERTY _____
REGISTRY _____

REMARKS

*I should like to talk
with you before anything
concerns & call on you*

9/1
DATE

JS
C. S. O.
839

7
Col. Spofford:

1. In connection with implementation of civilian agencies I recommended the following:
a. Since a date in September is specified I suggest Sept. 30 in order to give us as much time as possible in which to get things into shape and ready to turn over. A later date is preferable but is precluded by the provisions of Par. IV of "Procedure and Guide Book for Italy (Guiding-Lines) Rules". I should think 1 Nov. would be better, unless plans for AVAKANCAHE envisage a prior moving of that date, in which case 30 Sept. would still be the best date.

b. Activities of all civilian agencies should be under jurisdiction of C.C.A.O., through the head of the AMBOT Civilian involved. That is, the Russian shift, as staff representative of C.C.A.O., should actually control operations of civilian agencies. In my opinion any other arrangement duplicates work, engenders confusion, and disrupts the normal pattern of command, thus leading to marked inefficiency.

subject Sept. 20 in order to give me more information as possible in which to get things into shape and ready to turn over. A later date is probably but is precluded by the provisions of Par. III of "Procedure, and the Public for State (Guiding Policy) Plans." I should thank you. I would be better, unless plans for AVAANCE are envisaged at prior meeting of that HQ, in which case 30 Sept. would still be the best date.

b. Activities of all civilian agencies should be under jurisdiction of C.C. HQ, through the head of the AMBOT Division involved. That is, the Division Chief, as staff representative of C.C. HQ, should actually control operations of civilian agencies. In my opinion any other arrangement duplicated work, engenders confusion, and disrupts the normal chain of command, thus leading to marked inefficiency.

83x

Change

Note: I assume you have seen a copy of the President's letter to Mrs. Wall re operation by civilian agencies.

ROUTING SLIP

☒ C.C.A.O. _____
☐ D.C.C.A.O. _____
☐ D.C.S.O. _____
☒ COL. CLOUGH _____
MAJOR SMITH _____
MAJOR McDOUGALL _____
LT. VAN HEUKELOM _____
CAPT. GRAHAM _____
P. R. O. _____
ADVISOR F. A & M. _____
CAPT. DAVIS _____
CAPT. TALBOT _____
LEGAL DIV. _____
FINANCE DIV. _____
CIVIL SUPPLY _____
PUBLIC SAFETY _____
PUBLIC HEALTH _____
CONTROLLER PROPERTY _____
REGISTRY _____

REMARKS

To come in the door

DATE _____

ds
C.S.O.

837

SECRET

Equals British **MOST SECRET**

MILITARY GOVERNMENT SECTION

Allied Force Headquarters



File # _____.

August 29, 1943
(Date)

SUBJECT: QFEC Proposed Procedure for Sicily re Procedure and Time Table for Italy (Including Sicily) Team.
TO : Chief Civil Affairs Officer, 15th Army Group.

1. Herewith are 3 copy(ies) of Memorandum for the Commander-In-Chief, AFHQ, Algiers, dated 19 August, and Reports re Procedure and Time Table for Italy (Including Sicily) Team dated 17 August.

2. Receipt is to be acknowledged on the form below, which should be returned immediately to Military Government Section, Allied Force Headquarters, A. P. O. #512.

T. B. Jackman
major
T. B. JACKMAN,
Major,
Mil. Govt. Sec.

830

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5

ALLIED FORCE HEADQUARTERS
Military Government Section

29 August 1943.

MEMORANDUM TO: Mr. Murphy
Mr. MacMillan
C.A.O.
G-3
Mr. Sturges (NAEB)
G-2
C.C.A.O., 15th Army Group.

I am sending you herewith copy of letter dated August 19, 1943 together with copy of a memorandum of August 17, 1943 prepared in the Office of Foreign Economic Coordination of the State Department.

You will note that paragraph 3 of the letter requests the Commander-in-Chief's comments and suggestions on the proposal by cable at the earliest practicable date. Paragraph 4 asks his views as to the time the first group of civilians could enter the area.

Your comments with regard to the proposal contained in the attached memorandum are requested and should reach this office by September 8th.

In order that more than one person may prepare comments, I am inclosing three (3) copies of the memorandum.

J. C. Holmes
J. C. HOLMES
Brigadier General, G.S.C.
Chief, Military Government Section.

1 Incl.
3 ceps. above.

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(Equals British MOST SECRET)

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WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
CIVIL AFFAIRS DIVISION
WASHINGTON

*Two copies on
Secret papers*

4

19 Aug. 1943.

MEMORANDUM FOR THE COMMANDER-IN-CHIEF, AFHQ, ALGIERS:

Attention: Brigadier General Julius Holmes.

Through: Operations Division, WDGS.

Subject: OFEC Proposed Procedure for Sicily.

1. Inclosed are three copies of a memorandum of 17 Aug. 1943, prepared in the Office of Foreign Economic Coordination of the State Department.

2. OFEC is submitting this draft to the War Office through the British Joint Staff Mission, to the British Ministries in London through the British Embassy here, and to the War Department for consideration and comment. OFEC emphasizes that this draft is tentative and has not received the approval of any of the economic agencies concerned. It was further pointed out that, notwithstanding the title, the proposal should be considered in the light of its application to the Allied Military Government in Sicily, and not to Italy or any other area. The last paragraph is not intended to imply that the Combined Chiefs of Staff have as yet approved any schedule for the entrance of civilians into the Allied Military Government.

3. The War Department has not yet considered this paper. It is being transmitted to you at the request of OFEC. Your comments and suggestions on the proposal are desired by cable at the earliest practicable date. Any modification which would better provide for the most practical method of infiltration of the civilian agencies in the field with the minimum disturbance to your organization will be welcomed by OFEC.

4. Your views as to the time when the first group of civilians could enter the area are especially desired to permit OFEC to arrange with the civilian agencies for the provision of personnel.

/s/ J. H. HILLDRING
J. H. HILLDRING
Major General,
Chief, Civil Affairs Division.

Incl.-
Memo fr OFEC, 8/17/43.
(in trip.).

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August 17, 1943. (3)

SA/F - Mr. Finletter:

RE: PROCEDURES AND TIME TABLE FOR ITALY
(INCLUDING SICILY) TEAM.

I. The Directive. It is expected to have the draft of the directive completed and approved by the Italy Area Committee on September 1. Copies will then be delivered to General Hilldring and the British Embassy in Washington for their comments and any recommended changes. It is hoped that by September 15 these comments will have been received, agreement reached and the final draft of the directive approved by the Area, Coordinating and Policy Committees, the British civilian ministries concerned and the Combined Chiefs of Staff.

II. Team Organization. It is proposed that the US civilian team be integrated with the British civilians along the general lines of AMG and organized internally along functional lines which will permit entrance of civilians into AMG with minimum disturbance to operations.

It is proposed that integration with the British be as follows: There shall be a single Area Director chosen by the US and UK Governments, who shall have as his Deputy a person of the opposite nationality. There shall be appropriate functional divisions of the combined team, each division to have a Chief chosen by the person of the opposite nationality. Similarly, any sections into which the divisions may be sub-divided shall have a single Chief and Deputy of the opposite nationality. Each member of the combined team, regardless of nationality, will respond to the Chief of the section to which he is assigned, thence to the Division chief and thence to the Area Director. Each person shall report exclusively to his immediate superior in the organization regardless of nationality. [The US Director plans to attach to his staff the Chiefs of the various US Missions with whom he will consult on matters affecting such agencies. Such Chiefs of Mission shall be available for consultation with the members of their missions, but shall do so in such a way as not to interfere with the functional structure of the teams and the authority of the various section chiefs.] Every effort consistent with the operations and the availability of manpower shall be made to observe an even balance between the US and UK representatives in designating Division Chiefs, Section Chiefs and members of the several divisions and sections. Any differences of opinion which may arise between US and UK representatives shall be referred for instructions through the Chief Civil Affairs Officer to the Combined Coordinating Committee in Washington whenever the Area Director or his Deputy shall deem the matter of sufficient importance. The request for instructions shall include not only the report of the Area Director but also any supplementary statement that the Deputy Area Director may wish to add so that the opposing views are set forth in full. This same practice shall be followed throughout the organization whenever such differences of opinion arise between representatives of the two Governments. It is recognized that the success of an integrated organization depends upon the establishment of a harmonious working relationship between the British and American representatives from the top through

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the bottom. It is our announced intent, which it is hoped will be likewise adopted by the British, promptly to recall any American representatives, be he Area Director or clerk, who fails to establish an effective working relationship with his opposite number on the British side.

All communications relating to the business of the Combined Team shall go to and from London and Washington only through the Area Director and his Deputy, who will transmit such communications only through the Chief Civil Affairs Officer.

With respect to the internal structure of the Team, it is proposed that in addition to the Area Director's and Deputy Area Director's staffs, the Team shall be organized into five divisions as follows: (A) Civilian Supply Division, (B) Procurement and Intelligence Division, (C) Financial Division, (D) Public Health and Welfare Division, and (E) Administrative and Communications Division.

The Chief (or Deputy Chief, depending upon the nationality of the Chief) of the Civilian Supply Division shall be an OFFRO representative. The Division itself shall be divided into (1) Requirements Section, of which the chief (or Deputy Chief) will be an OFFRO man with OEW and OLLA representatives; concerned with the assembly and reconciliation of over-all civilian requirements, and the specific compilation and screening of consumer goods requirements; (2) Agricultural Rehabilitation Section, headed by OFFRO as Chief (or Deputy Chief) with OLLA representation, concerned with the investigating and programming of requirements for agriculture and the allocation of supplies including supervision of their distribution; (3) Industrial Rehabilitation Section, with OEW Chief (or Deputy Chief) and OLLA representation, concerned with the compilation and screening of requirements for industry and the allocation of supplies, including supervision of their distribution; (4) Distribution Section, with OFFRO Chief (or Deputy Chief) and OEW representation, concerned with distribution of relief, the organization of over-all distribution machinery, rationing, price control, black market and transportation, including a sub-section on shipping, technical experts for the manning of which CSAB and BMWT might be asked to provide; (5) Labor Section, under OEW Chief (or Deputy Chief) and staff.

The Procurement and Intelligence Division shall be headed by an OEW representative as Chief (or Deputy Chief) and staffed by that Agency. There shall be two sections, the first acting as procurement agent for all commodities and goods purchased by the UK and US Governments, and the second, the Economic Intelligence Section.

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The Financial Division, headed by a British or US Treasury representative, with the Deputy Chief of the other nationality. This Division will concern itself with currency and exchange, revenues and expenditures, banking and financial controls.

Public Health and Welfare Division; with the Chief (or Deputy Chief) from OFFRO, and concerned with public health, emergency housing, care and rehabilitation and repatriation of displaced persons.

The Administrative and Communications Division, with a State Department representative as Chief or Deputy Chief dealing with administrative matters of concern to the Team as a whole, including personnel, equipment and housing, travel arrangements, files, and the review, circulation and dispatch of communications.

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The adoption of the plan for integration described above is not intended in any way to impair the rights of communication in event of dispute which are conferred upon the operating agencies and their representatives in the field by the President's letter of June 3.

III. The Time Table of Civilian Entrance. While it is naturally impossible to forecast exactly the time and manner of the entrance of civilians to AMG the tentative schedule as approved by the Combined Chiefs of Staff calls for the expected admission into Sicily on or about September ___ of ten civilians, five British and five American, including the Sub-Area Director and the Deputy Sub-Area Director, with a view to making a rapid survey of the relief problem, in expectation of a request from the Army for the civilians to assume the function of distributing relief within a week after completion of the survey, as the first activity to undergo transfer from military to civilian hands.

Livingston T. Merchant

831

REPRODUCED
Military Government Section,
A.F.H.Q. - 28 August 1943.

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